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**An Investigation into Consumer Behaviour
towards the Purchase of New Luxury Cars in
Two Culturally Distinct Countries:
the UK and Thailand**

JAKRAPAN ANURIT

Thesis submitted in part fulfillment of the
Degree of
Doctor of Philosophy

Middlesex University
Business School

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ABSTRACT

The thesis aimed to answer two questions.

- (1) What distinguishes a luxury car? It has been shown that this is a complex issue - involving a multifaceted – subjective and objective factors approach. Hence, there is a need to develop (a) a clarification and definition of luxury cars, and (b) a luxury car price concept/range, to identify customers' profile, and to explore influences on consumer purchase decisions.
- (2) How do cultural differences between the UK and Thailand explain the difference in purchasing patterns of BMW and Mercedes and provide insights for brand marketing of the two luxury car marques?

The research design was based upon a review and synthesis of the academic literature and car data, which helped identify (1) theoretical concepts and hypotheses appropriate for this study, and which also developed (2) a working definition of luxury cars for the selection of samples and research methodology for this study. Methods of qualitative data collection included observation, focus groups, and face-to-face interviews, which was content analysed. The quantitative data collection was by questionnaire survey in the UK and Thailand, which, after elementary statistical analysis, was factor, and discriminant analysed. However, the UK data did not lend itself to principal component or discriminant analysis, since the questionnaire was modified to facilitate co-operation of British respondents. For the UK, simple statistical analysis and a test of significance for differences in percentage of respondents selecting the key attributes of their own marque were conducted.

The findings yielded a comparative study of similarities and differences between UK and Thai customer perceptions of BMW and Mercedes, and insights into brand marketing of their cars in the two countries. The outcomes yielded include:

- a detailed profile of BMW and Mercedes buyers in the UK and Thailand;
- the technical and non-technical attributes of BMW and Mercedes cars as well as dealer and customer perceptions of the two marques in the UK and Thailand;
- commonalities between marques and differences in buyer attitude and behaviour in the UK and Thailand;
- a consumer decision model that determines the choice of a new BMW or Mercedes car in Thailand, and criteria that determine the choice of a new BMW or Mercedes car in the UK;
- identification of significant cultural determinants of new luxury car purchasing patterns in the UK and Thailand applicable to countries with similar cultural characteristics and socio-economic structures;
- marketing implications on customer acquisition and retention as well as upward brand stretching of both marques in both countries.

These findings enable this thesis to conclude that *buyer perceptions of new BMW and Mercedes cars in the two countries are different*. This thesis proposes a strategy of upward BMW and Mercedes brand stretching for both customer acquisition and retention by both marques and provides guidelines for local and global marketing of BMW and Mercedes luxury cars. The limitations of this thesis are outlined in the conclusion and also avenues for future research were provided.

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CHAPTER 1 : INTRODUCTION

This thesis is an investigation into consumer perceptions towards luxury products as exemplified by two luxury car marques in two main markets and seeks to explain the brand dominance of BMW in the individualistic culture of the UK and Mercedes in communitarian Thailand.

The production and consumption of cars in the global market and trade in cars is of economic as well as political significance. The car industry accounts for a significant portion of GDP in car producing countries affecting levels of employment and income, the balance of payments, economic growth and valuable inward foreign direct investment. Luxury cars which now account for some 20% of the global passenger car market (Krempel and Pluemper, 1997) are the subject of this thesis based not only on the economic importance of this product but also the relative neglect of this subject in the academic literature. Apart from the significance of actual manufacturing, the luxury car is significant for its impact on lifestyle and consumption as the car satisfies both basic consumer needs for transportation as well as a variety of 'wants'. Luxury cars tend to be socially consumed (Kapferer, 2000; Schutte and Ciarlante, 1998). Wealthy consumers purchase them not only for the cars' high quality and superior technical attributes, but also for non-technical attributes such as the perceived image of the car marque in order to demonstrate their wealth and status (Time, 1999).

The UK and Thailand are the countries of choice for this comparative study owing to the existence of a segment of comparable wealth and a reliance on imports of luxury cars. The UK has 73,990 people and Thailand has 7,300 people who have \$1,000,000 plus investable assets [http://www.hnw.com/newsresch/hnw_market/sizing.jsp (Datamonitor, 2000); Mission Calculations, Socio-Economic Survey in Shilling, 1980 (Thailand data is from 1975-1976)]. With the balance between production and consumption of 141,000 luxury cars being imported into the UK, luxury cars and their support infrastructure are significant to the UK economy. In Thailand, the last decade was marked by luxury car manufacturers' direct investments in production and

marketing facilities aiming for sales to Pacific Rim countries including Taiwan, Australia, Malaysia, and Thailand (Henry, 1996).

BMW and Mercedes are the two marques of choice for this investigation because of their relatively large scale production in the global luxury car industry and their significant market shares in both the UK and Thailand. Mercedes and BMW rank number one and two respectively with a combined production of 1,713,000 units or around 53% of world production of luxury cars (<http://www.autostat.com>). They are also the top two luxury marques in the two countries. However, BMW is the dominant brand in the UK, whereas Mercedes is the dominant brand in Thailand.

1.1. Objectives of the Study

This thesis aims to answer two questions.

- (1) What distinguishes a luxury car? It has been shown that this is a complex issue – involving a multifaceted – tangible and intangible factors approach. Hence, there is a need to develop (a) a clarification and definition of luxury cars, and (b) a luxury car price concept/range, to identify customers' profile, and to explore influences on consumer purchase decisions.
- (2) How do cultural differences between the UK and Thailand explain the difference in purchasing patterns of BMW and Mercedes and provide insights for brand marketing of the two luxury car marques?

The thesis amplifies the industry body definition of what makes a luxury car from price and specification in order to embrace manufacturers' variety of car models including shape, size, engine, and performance to the consumer view of brand name, image, price, and owners' and users' association. Four parameters or characteristics of luxury cars are established:

- **a luxury car may be an upper medium, executive, dual purpose, luxury saloon, or specialist sports car.**
- **a high price range, limited availability and demand.**
- **unique or distinguishing attributes or characteristics.**
- **cars priced below £34,001 are not luxury cars.**

A working definition of a luxury car for this thesis is developed being a **car in the price £34,001 to £65,000 with “superior” specification produced in sufficient volume to meet the demands of a significant customer segment.**

By using this price band, the BMW and Mercedes car models that comply with the parameters or characteristics of luxury cars formulated for this study are identified. Owners of these car models are used as samples for an investigation of the commonalities and differences amongst car owners of the two marques in the two countries. The profiles of typical buyers of the two marques in Thailand were fairly similar. The interviews with dealers and focus groups with car owners revealed that BMW car owners tend to have income of £125,000 or more, well-educated, and less conservative than Mercedes car owners. The typical BMW car owner has an imagery of a heroic, enthusiastic, young, wealthy person who chooses *practicality* (functional) or experiential benefits or *driving experience* over and above the symbolic benefits (prestige, status) bestowed by their cars. For Mercedes, the majority of Mercedes car owners are traditional Chinese or mixed Chinese-Thai businessmen and nouveau riches who predominantly want to gain ‘group membership’. The survey shows that there was no significant difference in age, gender, income, marital status, and occupation between the BMW and Mercedes car owners. Therefore, **age, gender, income, marital status, and occupation were found to be similar for both marques and as such have no influence on the new BMW and Mercedes car choices in Thailand.**

In the UK, however, the occupational status or professional image of the car owner influences purchase decisions of new BMW and Mercedes cars. Older car owners tend to have higher occupation position and income, and thus tend to purchase car models from higher ranges. The survey also shows that **a combination of age, income, and occupational status influences selection of new BMW and Mercedes cars in the UK.**

The finding that socio-economic demographic variables influence consumer purchase decisions of new BMW and Mercedes cars in the UK and not in Thailand requires further investigation into differences and similarities in each country’s values or characteristics and the cars of the two marques, which may shape car owners’ attitudes of each marque and influence purchase decisions in each of the two countries

differently. A review of cultural value orientations and individual-level values suggests that Hofstede's (1994) cultural individualism-collectivism and uncertainty avoidance dimensions may be the most influential and relevant to explain consumer perceptions of prestigious durables like luxury cars in the two countries. In cultures high in individualism like the UK, people tend to seek variety and hedonistic experiences and thus these cultures are well-suited for sensory images that emphasise variety, novelty, and individual gratification (Roth, 1995). On the other hand, people in cultures high in collectivism such as Thailand may find social brand images that reinforce group membership and affiliation more attractive. An evidence to support the effect of the strength of uncertainty avoidance in a society and its degree of individualism or collectivism is the fact that Mercedes cars are more expensive than BMW cars (for most comparable ranges and models) in both Thailand and the UK: however, the majority of Thais' luxury car purchases are Mercedes while in the UK customers' purchases of BMW outnumber Mercedes (JATO Dynamics; MAVEL, 1997; MIRA, 1997).

The empirical studies in the two countries show that car owners' attitudes towards the two marques are also different. There was a common agreement between car dealers and owners of the two marques in both countries that BMW is a predominantly 'functional-oriented' luxury marque. People have strong attitudes towards BMW for its technical attributes such as *performance*, *technology*, and *design*. For Mercedes, both sets of dealers and car owners in both countries hold strong attitudes towards the marque both for its technical and non-technical attributes. The main attributes of Mercedes cars are *durability*, *reliability*, and *safety*, and the non-technical attributes are *elegance*, *luxury brand image*, *prestige*, and *status*. BMW purchase stands at the functional and experiential end and Mercedes purchase stands at a broader continuum composed of both functional and symbolic end of the brand. Further, a consumer decision model derived in this study shows that the Thai car owner and brand relationship is a matter of both congruence between functional, image, and emotional attributes and self-image (permanent perceived ego), and especially of life-time perceived ego achievement. In this sense, the brand is endowed with societal value so deeply and implicitly that it can be shared by the car owner and his social milieu making it the luxury image of the brand significant to the society at large.

As for UK car owners, their profiles (age, income, occupation) influence choice car models or ranges and their beliefs about attributes of the two marques are relatively similar. Meaningful relationships between the car owners and the brands are not really qualified along emotional versus functional facets of the brands or by permanent perceived ego, but by temporary (although long-term) perceived goal compatibility (e.g., brand image and customer profiles).

In this view, the notion that goods have symbolic properties, which are used by individuals to convey meaning extends to a broad cultural level, at the group level through shared social meanings and at the individual level in the form of 'self-concepts' and roles. In this study, it shows that the differences in luxury car purchasing behaviour of the two luxury car marques, BMW and Mercedes, and the differences in these cultural dimensions seem to be in congruence. That is, BMW outsells Mercedes in countries scoring high in individualism and low in uncertainty avoidance, while Mercedes outsells BMW in countries scoring high in uncertainty avoidance and low in individualism. There is a link between consumer needs (for functional, symbolic, and experiential benefits) and cultural dimensions. This thesis demonstrates the effects of collectivist or individualist buyer behaviour that determine choices between the two marques. In this light, there is a linkage among brand images, cultural dimensions, and market share in international markets.

1.2. Principal Contribution

The principal contribution of this thesis lies in extending our understanding of consumer behaviour through an empirical examination of the contribution of group and social influences on consumer behaviour towards the purchase of new luxury cars. Consumer behaviour theory has focused on individual decision making in Western countries predominantly the USA. Indeed, Gainer and Fischer (1994, p137) stated in a conference of the Association for Consumer Research that "the goal of most consumer behaviour studies has only been to explain how individual cognition, perception or traits influence individual behaviour". The theory in the west paid less attention towards the phenomenon of community that is considered to be immense social importance in consumer behaviour discipline in our postmodern era (Cova, 1997). This

thesis demonstrates the significance of the contribution of group and social influences on consumer behaviour of luxury products as exemplified by luxury cars in two main markets, the UK and Thailand.

This thesis is based on a cross-cultural empirical work. There is relatively little cross-cultural study of consumer behaviour (Cova, 1997; Gainer and Fischer, 1994) especially between the West and Asia (Schutte and Ciarlante, 1998). Most studies of consumer behaviour in general (e.g., Festinger, 1954; Douglas, 1976; Hirschman, 1985; Robinson, 1997) and in car markets in particular (e.g., Kalwani and Morrison, 1977; Rao and Sabavala, 1981; Carpenter and Lehmann, 1985; McCarthy et al., 1992; Purohit, 1992; Haubl, 1996; Rosecky and King, 1996; Iacobucci et al., 1996; Sullivan, 1998) are grounded in Western, primarily North American culture. This thesis examines consumer perceptions of two luxury car marques in two countries – one from the West and one from Asia – and demonstrates empirically the influence of group and society on individual decision making and the influence of culture.

1.3. Theoretical Contribution

Firstly, this thesis confirms Fishbein's behavioural intention model that there can be different types of beliefs held by an individual. The thesis empirically demonstrates that there are differences between UK and Thai car owners' attitudes or, in other words, the attitude components of UK and Thai car owners operate differently. Thai car owners have relatively stronger attitudes than UK car owners do.

Secondly, the theoretical contribution of this thesis lies in an extension of Maslow's hierarchy of needs and motivations (1965; 1987). In this thesis, Maslow's theory points a way in which motivation to purchase new luxury cars could be ordered or placed in a different continuum. This thesis supports that self-actualisation is individual in the UK and Western societies and is social in cultures high in collectivism and uncertainty avoidance such as Thailand. This suggests two distinct kinds of self-actualisation: (1) the real self or esteem self-confirmed where people in the West constitute themselves by own true inner nature and reliance on social acceptance is temporary, and (2) the

idealised pseudo-self or esteem-interpersonal where people are dependent upon 'life-time' social recognition and acceptance in Asia.

Thirdly, this thesis develops links between culture and consumer behaviour by linking branding and consumer needs using brand components suggested in Park, Jaworski, and MacInnis strategic brand concept-image management (1986). Park, Jaworski, and MacInnis (1986) assert that there are three types of brand images: functional, social, and experiential images. These images are based on the fulfillment of 'basic consumer needs'- problem solving and problem prevention (functional), group membership and affiliation (symbolic), and novelty, variety seeking, and sensory gratification (experiential). In this view, these consumer needs appear to be consistent with Maslow's (1954) need hierarchy. The functional brand image satisfies needs at physical level (psychological, safety) because it is designed to solve externally generated consumption needs. The symbolic and experiential brand images may satisfy needs at social or personal level because (1) symbolic brand image is created to fulfill internally generated needs for self-enhancement, role position, group membership, or ego-identification, and (2) experiential brand image is designed to fulfill internally generated needs for 'cognitive' stimulation for pleasure. This thesis demonstrates that BMW purchase stands at the functional and experiential end and Mercedes purchase stands at a broader continuum composed of both functional and symbolic end.

Finally, this thesis confirms the contribution of Hofstede's (1980; 1991; 1994) cultural individualism-collectivism and uncertainty avoidance dimensions to our understanding in consumer behaviour context. This thesis depicts two different markets with different cultures: the UK and Thailand and their differences in culture and the differences in purchasing pattern of two German luxury car marques, BMW and Mercedes. It demonstrates the effects of collectivist or individualist buyer behaviour and degree of uncertainty avoidance, which determine choices between the two marques in the two countries.

1.4. Methodological Contribution

Methodological problems involving sampling and data collection and analysis in cross-cultural empirical research have been the subject of inquiry for many scholars across several disciplines (Cavusgil and Das, 1997). Difficulties with research methodology as were experienced in this study are recognised in the literature. Pawle (1999) suggested the necessity of adaptation for cultural differences. Indeed, Probst, Carnevale, and Triandis (1999) demonstrated that individual cultural characteristics are related to cooperative behaviour. Individualists exhibited the single-group versus intergroup effect, least cooperation under single group conditions and greater cooperation under intergroup conditions. On the other hand, vertical collectivists exhibited the opposite behaviour. There are lessons on adaptation requirements of research methods for this study. Whilst focus groups with car owners proved satisfactory for Bangkok, this approach had to be adapted to meet the UK's cultural characteristic of high individualism: semi-structured interviews with car dealers were used instead. In addition, following piloting of the dealer questionnaire with a car dealer in London, the questionnaire used in Thailand was modified and shortened to be used with a smaller number of respondents in the UK. Analytical techniques employed to analyse the quantitative data in the two countries were also different.

1.5. Marketing Contribution

The practical or marketing contributions are:

- (1) a profile of BMW and Mercedes buyers in the two countries – Whilst there is no difference between car owners of the two marques, a combination of age, income, and occupational status 'determines' selection of new cars of the two marques in the UK. On the other hand, whilst there is some difference between car owners of the two marques, age, gender, income, marital status, and occupation were found to be similar for both marques and as such have 'no' influence on the new BMW and Mercedes car choices in Thailand;
- (2) identification of purchase decision criteria that determine the choice of a new BMW and Mercedes car in the two countries;
- (3) commonalities between marques and differences in buyer attitude and behaviour in the two countries for the two marques.

The outcomes yielded include:

- (1) a consumer decision model for choice of new BMW and Mercedes cars in Thailand;
- (2) the differences in choice criteria for BMW and Mercedes cars in the UK – Mercedes provides richer, broader, and higher brand values than BMW.

These suggest vertical or upward brand stretching with special reference to technology-driven stretching for: (1) BMW to provide more availability and variety of technical features for a particular car range as compared with Mercedes in order to maintain long progressive ladder of purchase, and (2) Mercedes to stretch up its range and brand elasticity further, and thereby reinforce the customer desires for further progressive ladder of car purchase.

- (3) the marketing, brand, and communication strategic implications for BMW and Mercedes in view of further economic development, customer retention and acquisition goals.

For the traditional rich in Thailand, Mercedes is the car of choice of generation after generation. For the nouveau rich, it is the car of choice through society or group expectations. In the UK, BMW is an individual car driver's choice appealing to performance driver individuals, which is in harmony with individualism and brand values as portrayed in the communications. For the future, to reinforce the impact of double jeopardy, the marketing communication needs to be in harmony with the culture of Thailand and other similar countries – think local, act global.

Given the role and importance of cars and luxury cars in production and consumption, this product sector and the luxury segment are worthy of study.

1.6. Thesis Outline

A brief outline of the structure of this thesis is shown in Figure 1.1. Part I (Chapters 2 to 5) provides an emphasis on the significance of new luxury cars' production, consumption and trade in the global economy and an explanation of the choice of BMW and Mercedes and the UK and Thailand as the car marques and markets as a

basis for this study. It provides the theoretical background to the study based on consumer behaviour, culture, marketing and branding academic literature as well as market data. A critical review of these theoretical subject streams contributed to the formulation of three hypotheses and guided the research methodology. One hypothesis was confirmed by an analysis of the market data and a review of the culture literature. Part II (Chapters 6 and 7) then provides the background to the research methodology, objectives, hypotheses, and theoretical concepts, and outlines the customised research design and expected outcomes of this study. Part III (Chapters 8 and 9) describes and discusses the empirical research findings from the UK and Thailand. Data collection, analysis, and the outcome proceeded in parallel but in order to present the findings more clearly the research in the two countries is presented separately. The thesis concludes in part IV (Chapter 10) with a discussion of the theoretical and marketing implications, research limitations, and suggestion for future research.

An overview of Chapters 2 to 10 is presented next.

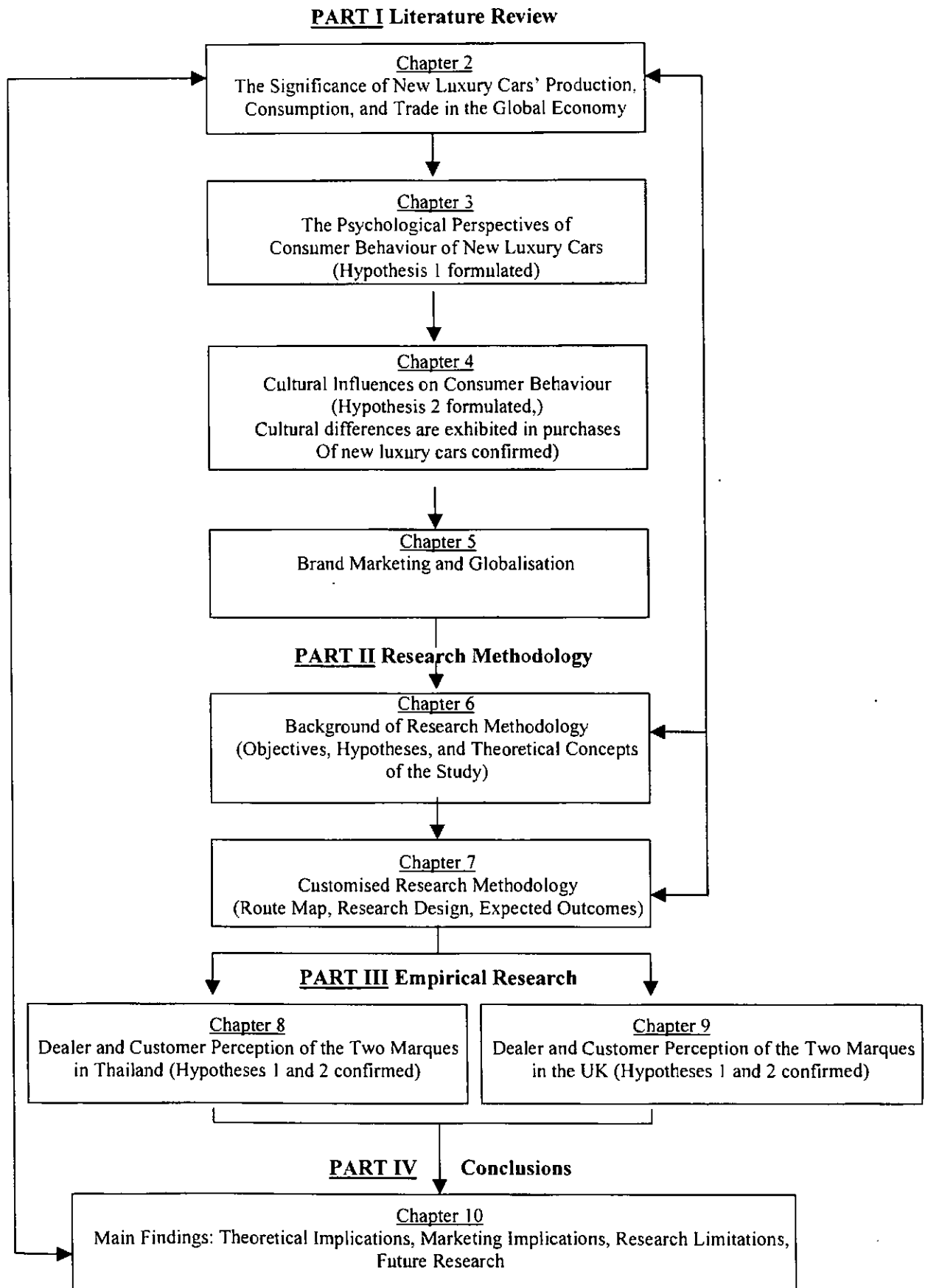
1.6.1. Overview of Chapters

Chapter 2:

The Significance of New Luxury Cars' Production, Consumption, and Trade in the Global Economy

This chapter addresses the significance of the luxury car and passenger car industry in the global economy. The importance of the car industry in terms of production, consumption, and trade is the first topic to be examined. The main luxury carmakers and the reasons for the attraction of the luxury car segment to mass car producers are depicted. An analytical profile of the UK and Thai luxury car market is given. A set of definitions of what constitutes a luxury car is developed and a “price concept range”, applicable to the markets of the UK and Thailand, is developed in order to justify the choice of the BMW and Mercedes car marques for this thesis. The choice of the UK and Thai luxury car markets as a basis for this study is also explained.

Figure 1.1. Thesis Outline



Chapter 3:

The Psychological Perspectives of Consumer Behaviour of New Luxury Cars

This chapter acknowledges that the selection of a luxury car and the choice of brand extends beyond economic or rational factors to encompass complex social and psychological influences. Hence, this chapter outlines the psychological school's theories of 'cognitive', 'behavioural', and 'trait perspectives' because these deal with important issues including individual's information learning and problem solving, social/group influences, attitude-behaviour relationship, self-concept theories, and social patterns of consumption focusing on the patterning of object meanings. The behavioural perspective provides the 'Behavioural Intention Model' devised by Fishbein (1967) which was used as a theoretical concept for this thesis leading to the first hypothesis:

Buyer attitude is related to buyer intention, which influences buyer behaviour.

The remainder of the chapter proceeds with a review of research into consumer behaviour of cars to establish a foundation for further investigation.

Chapter 4: Cultural Influences on Consumer Behaviour

This chapter provides the necessary background to understand how and why consumers behave differently in different cultures and proposes that cultural values and characteristics determine selection of luxury cars in the UK and Thailand. Following a brief review of the effect of culture on shaping consumer behaviour the chapter focuses on three levels of cultural impacts: individual, group, and society. There are three main theoretical frameworks including (1) Maslow's hierarchy of needs (1965; 1987), (2) Park, Jaworski, and MacInnis strategic brand-concept image management (1986), and (3) Hofstede's (1994) cultural dimensions. Maslow's hierarchy of needs in conjunction with the Asian equivalent proposed by Schutte and Ciarlante (1998) show clearly the difference in self-actualisation in the West and Asia. Park, Jaworski, and MacInnis (1986) brand concept-image management was employed to depict the relationship between brand and self-image. Thereafter, the chapter compares and contrasts UK and cultural values and their impact on consumption of the two car marques generating the second hypothesis:

The effect of collectivist purchasing behaviour will be greater when cultural individualism is low than when individualism is high.

Finally, the sales pattern of the two marques in both countries together with the literature review of culture supports the following:

Cultural differences are exhibited in purchases of new luxury cars.

Chapter 5: Brand Marketing and Globalisation

This chapter seeks to depict that the brand and branding is at the heart of the marketing of luxury cars in the global market place. It begins with definitions, characteristics, and components of a brand and describes what branding can do for the firm and for the consumer, and depicts the role or function of brand name, price, packaging, and advertising. Then, the chapter describes what different car brands especially luxury car brands stand for, particularly how branding differentiates near parity similar products like cars. Cars are virtually standardised products subject to mandatory changes to meet local conditions e.g., emission standard, driving wheel side, etc. Cars have a universal appeal and the luxury car segment comprises global products and brands. This means multinational car manufacturers have two possibilities, which are (1) global positioning and global advertising, and (2) global positioning with local sensitivity in brand advertising.

Chapter 6: Introduction to Research Methodology

This chapter presents the methodological considerations to be taken into account for this study. In order to select appropriate research design and methods for this study, this chapter looks towards a directional focus for this research. It allows to select research methodologies for this study whether it should be “positivist epistemology” or “positivism” or “phenomenology”, as each of which dominates the research methodology literature and both are widely used in business. The methodologies selected characterise the nature of the relationship between theory and research and whether theory guides this research (a deductive approach) or whether theory is an outcome of this research (an inductive approach). The characteristic of the research design will help in considering whether it should be causal (true experimental, quasi-experimental and action, or ethnographic), exploratory (observations, focus groups,

interviews), and/or descriptive (questionnaire survey) research design. The research design selected then dictates research strategies (qualitative and/or quantitative) and methods for data collection and analysis to be employed for this study.

This study employed both positivist and phenomenological research methodologies to reflect the multi-faceted nature of reality and had two characteristics: it primarily used a largely deductive approach and to a lesser degree an inductive approach. The study also used both qualitative and quantitative research strategies. Methods of qualitative data collection undertaken include observation, focus groups, and face-to-face interviews, whilst quantitative data collection method is by questionnaire survey. Thus, the research design is exploratory followed by a descriptive design. The qualitative data will be content analysed whilst quantitative data will be, after elementary statistical analysis, factor and discriminant analysed. Finally, this chapter states the objectives, hypotheses, and theoretical concepts underlying this study.

Chapter 7: Customised Research Methodology

This chapter deals with the research methodology customised for this study. It provides the “route map”, research design and process. It outlines the qualitative and quantitative research, sampling, and analytical techniques used and explains their differences in the descriptive stage in Bangkok and London. It delineates the research methods employed to confirm the hypotheses of this study. Finally, it states the expected outcomes, contribution, and conclusions of this thesis.

Chapter 8: Dealer and Customer Perception of BMW and Mercedes in Thailand

This chapter presents the analysis of data collected from dealers and car owners in Thailand. The quantitative research findings confirm Hypothesis 1, while both qualitative and quantitative research findings confirm Hypothesis 2. The chapter provides profiles of the car owners, which shows a considerable similarity. The confirmation of the first hypothesis shows an association of both sets of car owner attitude and behaviour, which leads to an investigation of factors underlying the purchase behaviour for the two marques. The chapter provides the results of the factor analysis, which identifies purchasing factors used in the selection of new cars of the

two marques. The findings from the principal component data analyses are used to formulate a consumer decision model for purchasers of new BMW and Mercedes cars in Thailand. Finally, the chapter presents the findings from the qualitative and quantitative research that leads to a confirmation of the second hypothesis of this study.

Chapter 9: Dealer and Customer Perception of BMW and Mercedes in the UK

This chapter presents the analysis of data collected in the UK. It provides profiles of the car owners showing that age, income, and occupation influence choices of new BMW and Mercedes cars. The quantitative research helps in confirming both Hypotheses 1 and 2. However, the UK data does not lend itself to principal and discriminant analyses, since the UK questionnaire did not include the scales used in the Thai questionnaire, in order to gain co-operation of British respondents who were less willing to give their time to a questionnaire. Instead, simple statistical analysis and a test of significance are used to study both sets of car owners' perception, expectation, and experience, which helps in identifying the main determinants of owners' selection of their current and next cars and differences.

Chapter 10: Conclusions and Recommendations

The concluding Chapter 10 brings together the themes, issues, concepts, and findings of Chapters 2 to 9, all of which have made a key contribution to this thesis. The findings are linked to the existing body of knowledge, which allows conclusions to be formulated on purchasing behaviour motivations and patterns as well as marketing implications. It develops a buyer behaviour model for a less developed economy. It discusses differences in the car owner and brand relationships and differences in customer loyalty in the UK and Thailand. It proposes marketing implications on customer acquisition and retention and upward brand stretching of both marques and provides recommendation for marketing them in both countries as well as its implication on globalisation. This chapter also evaluates this study by outlining its limitations and suggests further avenues for future research.

Chapter 2: The Significance of New Luxury Cars' Production, Consumption, and Trade in the Global Economy

2.1. Introduction

This introductory chapter reviews the significance of the luxury car and passenger car industry in the global economy. The importance of the car industry in terms of production, consumption and trade is the first topic to be examined in this chapter. This is followed by a depiction of the main luxury carmakers and the reasons for the attraction of the luxury car segment to mass car producers. An analytical profile of the UK and Thai luxury car markets is given. A set of definitions of what constitutes a luxury car is developed and a "price concept range", applicable to the markets of UK and Thailand, is developed in order to justify the choice of the BMW and Mercedes car marques for this thesis. The choice of the UK and Thai luxury car markets as a basis for this study is also explained.

2.2. The Significance of New Passenger Cars in the Global Economy

The car in the twentieth century has been aptly described as "The Machine that Changed the World" (Womack, Jones, and Roos, 1990) for its significance extends far beyond the actual manufacturing - the transformation of raw materials such as steel, rubber, chrome in factories and a myriad of specialist suppliers - to associated infrastructure such as roads and petrol stations to the growth of suburbs and out of town shopping centres. The car is significant also for its impact on lifestyle and consumption as the car satisfies both basic consumer needs for transportation as well as a variety of 'wants'. The production and consumption of cars is of economic importance to both developed and developing economies (Johnson, 2000; MAVEL, 1997; Motor Business Europe, 1997; Scheele, 1995; The Economist (US), 1999, 2000; Time, 1999a). The motor car industry is, even at the millennium, one of the world's most important manufacturing activities accounting for around 10% of GDP and 9% of manufacturing employment (1.7 million jobs) in the European Union (Krempel and Pluemper, 1997;

Pemberton, 1999), and 3% of GDP and 5% of manufacturing employment in the US (almost 1 million jobs) (<http://www.bea.doc.gov>). Cars are one of the most important manufactured exports from industrialised countries such as the USA, Germany, France, UK, Italy and Japan as well as from less developed countries including Mexico, Argentina, South Africa, and Brazil. The trade in cars is significant, valued at over US\$200 billion in 1996 (United Nations, 1996) or some 38.4 million units in 1997 (Pemberton, 1999).

The production and consumption of cars in domestic markets and the worldwide trade in cars is of economic as well as political significance. The car industry accounts for a significant portion of GDP in car producing countries affecting levels of employment and income, the balance of payments, economic growth and valuable inward foreign direct investment. For example, the UK is an important production site for American and Japanese car manufacturers (Fisher, 2000). Thailand is becoming an important production site for leading European luxury car manufacturers like Mercedes, BMW, and Jaguar (Gearing, 1999; Henry, 1996; Treece, 2000). Governments seek to attract foreign car producers with generous incentives not only for the employment they bring but also for the sophisticated research, innovation and technology associated with car manufacturing.

For consumers, car ownership and usage goes beyond utilitarian advantages. Cars are a lifestyle choice a signifier of who one is, or wants to be, and car selection is a high involvement though infrequent consumer decision. The marketing of cars is highly visible as can be seen in car showrooms, advertisements and sales promotions. In 1996, car advertising exceeded US\$11 billion in the US and US\$8 billion in Europe and Asia-Pacific. In the UK, car marketing reached over £525 million in 1998 (Faricy, 1998; Meszaros, 1999). The marketing of cars is very important because it reinforces people's motivation to want a car more than just transportation leading to purchases of cars at unprecedented levels. There is now one car for every 1.7 people in the US, one for every 2.1 in Japan, and one for every 5.3 in the UK (The Economist (US), 1999, p6). Everyone, it would seem, wants a car.

2.3. The Significance of Production, Consumption, and Trade of New Passenger Cars in the Global Economy

1997 set a new-world record with sales of 38.4 million passenger cars, which is 8.4 million units above the average annual sales of the period 1988 to 1997¹ (Pemberton, 1999). Current projections still show that more cars will be produced and sold over the next decade than during the last. Consequently, it is predicted that almost 400 million new cars will be manufactured between now and 2007 (Pemberton, 1999).

World production and consumption of new passenger cars in the year 1999 is shown in Table 2.1 below.

Table 2.1. World Production and Consumption of New Passenger Cars in 1999

Region	Production		Consumption	
	(No. of Cars) in '000s	(%)	(No. of Cars) in '000s	(%)
EU	15,075	30	15,057	35
Japan	8,099	16	4,154	9
USA	5,630	11	8,747	20
Others	21,640	43	15,487	36
Total	50,444	100	43,445	100

Source: MAVEL (<http://www.autostat.com>)

Table 2.1 shows the EU, Japan, and USA combined accounted for just over 57% of production and 4% of consumption of new passenger cars in 1999. Japan was the main exporter of cars and the USA the main importer. The EU alone accounts for over 30% of total world production and 35% of total world consumption of new passenger cars. Details of the major EU car producing countries, Germany, France, the UK and Italy are shown in Table 2.2 and Table 2.3 gives a profile of aggregate car production and consumption in the UK and Thailand, the countries of study of this thesis.

¹ Although the Asian economic crisis and recession have affected demand for cars in general since 1997 and thus reduced by 4% of total world output in 1999.

Table 2.2. Four Major EU Countries of Production and Consumption of New Passenger Cars in 1999

Country	Production (No. of Cars) in '000s (%)		Consumption (No. of Cars) in '000s (%)	
Germany	5,065	34	3,798	25
France	2,783	18	2,148	14
UK	1,751	12	2,205	15
Italy	1,388	9	2,360	16
Others	4,088	27	4,546	30
Total	15,075	100	15,057	100

Source: MAVEL (<http://www.autostat.com>)

Table 2.3. UK and Thailand Production and Consumption of New Passenger Cars in 1999

Country	Production (No. of Cars) in '000s	Consumption (No. of Cars) in '000s
UK	1,751	2,205
Thailand	72	67
Total	1,823	2,272
World Share	3.61%	5.23%

Source: 1. Asian Automotive Industry Forecast Report (2000)
2. MAVEL (<http://www.autostat.com>)
3. (http://www.sequoia-jeep.com/cor_sales_production)

In 1999, UK car production was over twenty four times that of Thailand and consumption of cars was over thirty three times that of Thailand. Indeed, the UK imported cars amounting to around 26% of its production, whilst Thailand produced and assembled more cars than were consumed with the balance being exported to Pacific Rim countries including Taiwan, Australia, Malaysia, and Thailand (Business Day (Thailand), 2001).

The top ten car manufacturers and their nationality, main production sites and markets are shown in Table 2.4.

Table 2.4. Top Ten Passenger Car Manufacturers in 1999²

Car Maker	Nationality	Main Production Sites (Units in '000s)	World Production (Units in '000s)	Main Markets and Consumption (Units in '000s)
Toyota	Japanese	Japan (2,698), USA (517), UK (179)	3,805	Japan (1,166), USA (889), EU (139 <i>including 85 in UK</i>)
Ford	North American	EU (1,567 <i>Including 1,433 in the UK</i>), USA (918), Mexico (147), Canada (124)	2,824	EU (1,333 <i>including 386 in UK</i>), USA (1,101), Canada (88)
Volkswagen	German	EU (1,873), Mexico (410), Brazil (333), China (306)	3,190	EU (1,636 <i>including 155 in UK</i>), USA (312)
Renault	French	EU (1,646), Turkey (125)	1,973	EU (1,593 <i>including 164 in UK</i>)
Fiat	Italian	EU (1,047), Brazil (346), Poland (325)	1,840	EU (1,067 <i>including 77 in UK</i>)
Peugeot*	French	EU (1,233 <i>including 162 in UK</i>)	1,250	EU (1,071 <i>including 181 in UK</i>)
Chevrolet**	North American	USA (604), Canada (345)	1,052	USA (885)
Mercedes Benz	German	EU (940)	971	EU (641 <i>including 62 in UK</i>), USA (144)
Citroen*	French	EU (719), China (41)	861	EU (677 <i>including 71 in UK</i>)
Suzuki	Japanese	Japan (679), Hungary (68)	749	Japan (410), EU (143 <i>including 22 in UK</i>)

* Peugeot and Citroen are owned by PSA, France.

** Chevrolet is owned by GM, USA.

Source: MAVEL (<http://www.autostat.com>)

Note: unit refers to a car

It can be seen from Table 2.4 that these car companies of Japan, EU and the US dominate their domestic markets and are significant in international trade. Toyotas, Volkswagens, Renaults, Fiats, Peugeots, Chevrolets, Mercedes, Citroens, and Suzukis are both produced and consumed in their own countries as well exported to neighbouring markets and other parts of the world whilst the car production of Ford, a major multinational, is greater overseas than in its home country, the USA. The passenger car is a global product and its importance in the global economy cannot be over-emphasised.

² 1999 figures are used in this table because only figures for production of these cars were available, and consumption were not available for 2000.

2.4. Parameters or Characteristics of Luxury Cars

What constitutes a luxury car? A number of bodies including the Department of Trade and Industry (DTI), Consumer Association and the Motor Industry Research Association (MIRA) produce lists of car models including those perceived to be within the luxury category. Within the motor industry, a rather crude classification of cars based on 'engine capacity' is common. The Society of Motor Manufacturers and Traders (SMMT) in the UK, classifies cars into ten categories: supermini, mini, lower medium, upper medium, executive, 'luxury saloon', specialist sports, dual purpose, multi-purpose vehicle (MPV), and sport utility vehicle (SPV) based on a combination of engine capacity and car shape (body chassis). This classification system confines the luxury car to the 'luxury saloon' which ignores the fact that in practice luxury cars come in different shapes, sizes and styles as acknowledged in the segmentation and positioning strategies adopted by car manufacturers.

Moreover, luxury car manufacturers have adopted a strategy of stretching their brand name and car type. The crude classification based on engine capacity and car shape chassis used by the SMMT ignores the impact of brand stretching to cover a rarity of engine capacity and car shapes. For example, the SMMT classification places the mini MPV Mercedes A Class in the same category as the mini MPV Renault Scenic irrespective of the perceived quality and luxury cachet of the Mercedes name.

Lastly, there are luxury marques exclusively for particular types of cars. Range Rover and Land Rover stand for sport utility vehicles. Ferrari, Porsche, Lamborghini, and Maserati stand for specialist sports cars. The sport utility vehicles are relatively expensive. Most specialist sports cars are highly expensive, making specialist sports the most expensive segment. However, these manufacturers do not produce a saloon and, thereby, these marques do not fall into the luxury saloon category classification of the SMMT. Does this mean that marques such as Audi, BMW, Jaguar, and Mercedes are luxury marques simply because they produce both luxury saloons and specialist sports, whilst Ferrari, Porsche, Lamborghini, and Maserati which are much more expensive fall outside the luxury bracket simply because they do not produce luxury

saloons? These examples show the deficiencies of current industry classification and justify the need for a more holistic approach to defining a luxury car.

The focus for this study is consumer behaviour towards the purchase of new luxury cars in two culturally distinct countries: UK and Thailand. There are also two further reasons why an appropriate and objective working definition of luxury cars is needed for this study. Firstly, it is important that the parameters or characteristics of luxury cars should be in congruence with both the producer and customer perception. Secondly, the most significant manufacturers and their car ranges and models 'both' in the UK and Thailand should be represented in order to achieve a meaningful comparison. This study seeks to amplify industry body definition of what makes a luxury car from price and specification in order to embrace manufacturers' variety of car models including shape, size, engine, and performance to the consumer view of brand name, image, price, and owners' and users' association.

From the producer viewpoint, a luxury vehicle is usually defined by a minimum 'price' (New York Times, 1992; Teahen Jr, 2000) of "US\$36,000" because this criterion appears to confirm that 'most' cars from mass producers such as Ford, Chevrolet, GM, and Chrysler are priced under \$36,000 in the US. In the UK, a review of new passenger cars' prices (JATO Dynamics³) shows that £34,001 is the criterion that confirms that most cars from mass producers such as Ford, Vauxhall, Peugeot, and Nissan are not luxury cars because even their top ranges are priced under £34,001 in the UK. Also, similar to the industry classification, this would exclude cars from the bottom ranges of luxury car manufacturers such as BMW (3 Series Compact and Z3) and the Mercedes A Class and SLK, which are both under £34,001. Further, whilst the price criterion would confirm Rolls-Royce, Bentley, Ferrari, Aston Martin, Maserati and Lamborghini and Porsche as luxury cars their ultra expensive price, from £60,000-£200,000 and low volume production places them in a super luxury bracket with a niche demand (Kapferer, 2000; Schutte and Ciarlante, 1998).

From the consumer viewpoint, it is commonly understood that Rolls-Royce, Bentley, Aston Martin, Porsche, Ferrari, Mercedes, Jaguar, BMW, and Audi are ubiquitously in

the luxury category based on high prices. Additional criteria can also be employed. In their “rarity principle”, Mason (1981), Dubois and Paternault (1995), and Phau and Prendergast (2000) describe that luxury brands maintain their prestige by sustaining high levels of awareness and tightly controlled diffusion to enhance exclusivity to differentiate amongst luxury cars. Thus, Rolls-Royce, Bentley, Aston Martin, Ferrari and Lamborghini can be placed at the highest exclusivity and luxury and Mercedes, Jaguar, BMW and Audi placed at the “mass” luxury market based on price and availability. Additionally, Kapferer (2000) identifies four types of luxury brands that appear to match the characteristics of different luxury car brands. The components of the first segment are ‘beauty of the object’, ‘excellency of the products’, ‘magic’, and ‘uniqueness’ which appear to be attributes of Rolls-Royce and Bentley. The components of the second segment include ‘creativity’ and ‘product sensuality’, which describes attributes of Aston Martin, Maserati, and Lamborghini. The components of the third segment include ‘beauty’, ‘magic’ and ‘classic’, which match attributes of Jaguar, Ferrari, and Porsche. Finally, the components of the fourth segment include ‘exclusivity’ and ‘image of privileged minority’, which describe BMW and Mercedes attributes reflecting a connoisseur’s choice.

The three limitations of the industry classification discussed earlier indicate that a luxury car is not confined to the ‘luxury saloon’ category based on engine size and capacity as classified by the SMMT. Instead, they suggest the first parameter or characteristic of a luxury car for this thesis is:

- **a luxury car may be an upper medium, executive, dual purpose, luxury saloon, or specialist sports car.**

Furthermore, the producer and consumer views suggest that luxury cars are characterised also by:

- **a high price range, limited availability and demand; and**
- **unique or distinguishing attributes or characteristics.**

These three parameters will be used to guide the formulation of a working definition of a luxury car and selection of cars for this thesis. The next section describes the

³ JATO Dynamics LTD GB supplies JATO CarNotes and CarSpecs that allow analysts to access detailed information about vehicle specifications and the numbers of vehicles sold in various markets.

analytical process employed to choose the specific car marques and models used in this thesis.

2.4.1. Prices and Standard Specifications of Luxury Cars

One method could be to simply select exactly the same models available in both countries. However, car literature (e.g., Automobile Association, DTI, Auto Express, BBC Top Gear, What Car?) and the business practices of most car marketers (BMW GB; JATO Dynamics; Mercedes) over the years have demonstrated that a 'price range' is the most workable starting point for selecting similar or comparable luxury cars in many car markets in Europe and Asia. Therefore, price in conjunction with industry standard specifications of upper medium, executive, dual purpose, luxury saloon, and specialist sport cars was used in order to establish a divide or boundary between luxury cars and other cars.

Product literature [standard specifications and prices lists of passenger cars in the UK and Thailand: AA; Auto Express; BBC Top Gear; DTI; JATO Dynamics Thailand and UK; What Car?] indicates that cars are endowed with industry standard specifications from eleven criteria. These are (1) dimension, (2) engine, (3) performance, (4) fuel consumption, (5) wheels, (6) security, (7) safety, (8) transmission/suspension, (9) exterior features, (10) interior features, and (11) audio systems. Further analysis indicates that there are five levels of standard specifications based on the following five price bands: (1) £10,000 or under, (2) between £10,001 and £24,880, (3) between £24,881 and £34,000, (4) between £34,001 and £65,000, and (5) £65,001 or over. In summary, cars at £10,000 or under are categorised as supermini and mini cars which have very basic features such as small engine size, low performance, manual transmission, and are not fitted with modern security or safety features such as electric central locking and windows, anti-brake system, driver and passenger airbags, air conditioning, or CD players, which cars between £10,001 and £24,880 have fitted as standard. Cars between £24,881 and £34,000 are classified as lower medium and upper medium sizes and therefore have larger engines, better performance and handling, superior interior electronic equipment and comfort, and more advanced security and safety systems than the basic car priced up to £10,000. Many of these cars are supermini, mini, lower medium, SPV and mini-MPV (some of which are made by mass

car manufacturers such as Ford, Fiat, Vauxhall, and Volkswagen, and some of which are made by luxury car manufacturers such as Audi, BMW, Jaguar, and Mercedes). Though their specifications are relatively similar these car models fall outside the upper medium, executive, dual purpose, luxury saloon or specialist sports car category, identified as the first parameter of a luxury car. This leads to the fourth parameter of luxury cars in this thesis:

- cars priced below £34,001 are not luxury cars.

Cars between £34,001 and £65,000 in price include upper medium, executive, dual purpose, luxury saloon, and specialist sport cars, which are the models identified as belonging in the first parameter of luxury cars. The typical standard specifications of cars in this price range are shown in Table 2.5.

Table 2.5. Typical Standard Specification for Cars between £34,001 - £65,000

CRITERIA	SPECIFICATION
Dimension	Length from 4,450mm to 5,250mm width from 1,730 to 1,890mm
Engine	Cylinders/valves from 6/4 to 8/4; capacity from 2.8 litre to 4.5 litre Power output (horse power) from 220 to 330 bhp
Performance	Top speed (miles per hour) from 145 to 250 mph Acceleration 0-62mph from 6.4 to 6.7 seconds
Fuel Consumption	Miles per gallon from 15/20 to 17/25 mpg
Wheels material	Material light alloy
Security	(1) deadlock steering wheel and boot, (2) central locking with anti-theft security, (3) electronic immobiliser, (4) passive arming, (5) crash sensor, (6) remote control anti-theft alarm system with interior protection including comfort opening and closing function for windows, (7) remote control opening of luggage compartment lid, (8) visible vehicle identification number on dashboard
Safety	(1) airbag for driver, front passenger airbag with seat occupation detector, (2) anti-brake system (ABS), (3) anti-theft alarm system with tilt angle alarm and interior protection, (4) central locking automatically unlocked in an impact, (5) crumple zones with predetermined deformation, integral side impact protectors with door anchors, door reinforcements made of aluminium, bumpers front/rear in body colour fully regenerating to their original shape in collisions up to 2.5 mph, (6) disc brakes at the front, inner-vented, (7) disc brakes at the rear, (8) dynamic stability control (DSC III), (9) electronic engine immobiliser, (10) ergonomic seat belt system at the rear with latches at the outside, (11) first-aid kit, (12) electrically adjustable headrests at the rear, (13) safety battery release, (14) seat belt system with automatic height adjustment as a function of seat fore-and-aft position and belt anchorage points moving with the seat rail, pyrotechnic belt latch tensioners, belt-force limiters, (15) side airbag for driver and front passenger, (16) steering: safety steering column and servotronic power steering (SPS), and (17) warning triangle and toolkit in luggage compartment lining

Transmission/ Suspension	(1) asbestos-free brake linings, (2) auto-stability control plus traction control (ASC+T), (3) five speed automatic transmission with adaptive transmission management (AGS) and Steptronic control including shiftlock/interlock, (4) integral rear axle (patented multi-arm axle design), (5) self-levelling rear suspension (SLS), and (6) thrust rod double-joint spring strut front axle
Exterior features	(1) door warning lights when doors are opened, (2) head light washer system with intensive cleaner and rain sensor, (3) high beam and foglamps with free-form-design paraboloid reflector system, (4) high level third rear brakelight, (5) low-beam headlights in ellipsoid technology and with optimised free-form design, (6) metallic paintwork, (7) mirror base and side window frame in high-gloss black finish, (8) rear-view mirrors, door lock, screenwasher nozzles and screenwiper rest position electrically heated, (9) rustproofing and hollow cavity preservation, (10) thermal insulation of entire underfloor, and (11) xenon headlights
Interior Equipment & Comfort	(1) armrest at rear with storage facility, (2) central locking switch in centre console, (3) centre armrest at the front with fore-and aft adjustment and storage box with lid, (4) CFC-free automatic air conditioning with automatic air circulation (AUC) activated carbon filter and microfilter includes residual heating system, (5) courtesy lights with automatic dimming function, (6) cruise control, (7) double glazing on side windows and rear window, (8) dual cupholders front and rear, (9) electric backrest adjustment on rear seats including lumbar support and headrest adjustment, (10) electric headlamp range adjustment, (11) electric interior boot lid release, (12) electric steering column adjustment including memory, and (13) electric window lifts with fingertip control, trap release and safety switch for rear windows, (14) extended high gloss burr walnut interior trim, (15) foot rests for rear seat passengers, (16) green/blue insulating glass all round, (17) 20-character text display for on-board computer, check/control and radio interior temperature zone, with individual temperature control, (18) multi-function steering wheel with leather trim, adjustable for reach and height, (19) multi-information display (MID) in centre console, (20) on-board computer, (21) rear window heating with automatic time control, (22) seats/fitments: -comfort seats with electrical adjustment of upper backrest section, comfort headrest, lumbar support, memory function on driver's seat and both rear-view mirrors -electric seat adjustment for driver and front passenger, memory function for driver's seat -ergonomically optimised front seats in multi-zone foam technology with active breathing effect -leather upholstery, (23) soft close automatic (SCA) on luggage compartment lid, (24) sunblind on rear window, electrically operated, (25) vanity mirrors for driver and front passenger, covered, with illumination in roof lining
Audio systems	6 disc CD autochanger, RDS radio with traffic programme and EON

Source: JATO Dynamics (UK)

The essential difference or distinguishing features of cars in the price range £34,001 - £65,000 is that these cars are superior across the board and especially on 'performance', 'security', 'safety', 'transmission/suspension', and 'interior equipment and comfort' features. Cars in this bracket feature an electronic immobiliser and crash sensor, crumple zones with predetermined deformation and integral side impact protectors with door anchors and reinforcements made of aluminium, dynamic stability

control (DSC III), auto stability and traction control, comprehensive on-board computer, and multi-function steering wheel as specifications. The crucial difference between cars over £34,001 and those below is that the latter have lower engine capacity (a lower torque or acceleration and top speed) and do not have many of the eleven features identified.

The chief differences between cars in the price range £34,001 - £65,000 and those above £65,000 are that ninety to one hundred percent of the cars belonging to the higher price range are either specialist sports cars or very large luxury saloons. The specialist sports cars tend to have a lighter body chassis made from aluminium and the highest performance and safety features designed to provide the most superior performance and driving experience. The super luxury saloons have classic, elegant body chassis and beautifully handcrafted interior made of the finest materials as well as very high security and safety features. The cars belonging to the over £65,000 range are dedicated to well-known luxury marques such as Aston Martin, Bentley, Ferrari, Lamborghini, and Porsche, which are extremely high priced and produced in small volume. However, a review of the sales of these cars in the UK and Thailand indicated that it was not feasible to use this car range for a comparative study between the two countries. These top end cars were excluded from this thesis because of very limited or even non availability, and more significantly extremely low sales of individual marques and models in either or both countries. For example, only 1 BMW 840Csi, 1 Bentley, and 3 Ferrari were sold in Thailand (see Appendix 1 for details). These, therefore, may not be perceived as luxury cars but rather a 'super' luxury car niche. **Therefore, a working definition of a luxury car for this thesis is a car in the price range £34,001 to £65,000 with "superior" specification produced in sufficient volume to meet the demands of a significant customer segment.**

In this sense, the divide or boundary between luxury cars and other cars is defined by 'price' and 'standard specification (including the eleven criteria in Table 2.5)'. Using the top luxury car marques from Tables 2.13 (UK) (p36) and 2.15 (Thailand) (p38), a review of UK and Thai sales of these cars within the price range £34,001-£65,000 was undertaken, which showed that in both countries BMW and Mercedes cars were not only the top marques but also offered their cars in four price levels: (1) £34,001-£40,000, (2) £40,001-£45,000, (3) £45,001-£50,000, (4) £50,001-£65,000 (JATO

Dynamics UK and Thailand). The first price level offers greater availability and represents more a luxury consumer segment than a niche. Additionally, this price range covers five product segments: (1) upper medium, (2) executive, (3) dual purpose, (4) luxury saloon, and (5) specialist sports cars. Thus, the definition of luxury car developed for this study has the merit of breadth and depth compared with “narrowness” and “shallowness” of cars over £65,000 in price. Therefore, it was decided to investigate BMW and Mercedes cars within the price range £34,001-£65,000 consisting of the four sub-ranges for this thesis⁴, as shown in Tables 2.6 for UK and 2.7 for Thailand.

Table 2.6. UK Manufacturer Price Concept Segment – 1997

Price Class £	BMW		MERCEDES	
	Model	Units	Model	Units
34,001- 40,000	535i	6,746	CLK320 Elegance	333
	728i	14,833	CLK320	234
	M3	10,009	E320 Classic	214
			E320 Elegance	5,902
			E320 Avantgarde	4,450
			E320 Classic	69
40,001- 45,000	735i	6,137	E220 Cabriolet	1,527
	M3 Convertible	5,113	E320 Coupe	95
	540i	6,032	E320 Avant Estate	105
			E320 Elegance Estate	1,379
			E280	7,152
			S280	5,616
45,001- 50,000	540i Touring	299	C36 AMG	0
			E430 Avantgarde	43
			E430 Avant Estate	4
			E430 Elegance	11
			E430 Elegance Estate	6
50,001- 65,000	740iL	6,862	SL320	8,401
	840Ci	3,662	S420 Limo.	556
			S320	4,853
			S320 Limousine	4,252
			S320 Business	4,252
			SL280 4 speed	8
			SL280 5 speed	245
			E320 Convertible	657
			E36 AMG	1,226
			E36 AMG Coupe	13
			E36 AMG Convertible	8
Total Units		59,693		51,611
Total BMW + Mercedes Sales			111,304	

Source: JATO Dynamics UK

⁴ Information on cars of the two marques from 1997 allows best comparison because (1) buyers still purchased cars from most of the ranges, and (2) these cars fit within most price classes.

Table 2.7. Thailand Manufacturer Price Concept Segment – 1997

Price Class £	BMW		MERCEDES	
	Model	Units	Model	Units
34,001- 40,000	523iA	101	C220 SPORT CLK200 CLK230 Kompressor	3 18 18
40,001 – 45,000	N/A	N/A	C220 Elegance C230 Kompressor	408 1
45,001 – 50,000	528iA	189	E230 Elegance E230 Estate	1,287 0
50,001 – 65,000	730iA	101	S280 E280 Elegance	224 235
Total Units		391		2,194
Total BMW + Mercedes Sales		2,585		

Source: 1. JATO Dynamics (Thailand) 2. Thonburi Prakorbyon Co., Ltd. 3. Yontrakit Service Co., Ltd.

Table 2.8. Representation of Comparable Car Models in the UK and Thailand

Make	UK Models	Thai Models	Reasons
BMW	535iA	523iA	Represents lower medium luxury saloons (£34,001-£40,000)
	Z3 is available at £40,000+ but only 1 was sold in Thailand. Thus, it could not represent M3 Evolution.		
	540iA	528iA	Represents upper medium and performance luxury saloon (£45,5001-£65,000)
	740iA	730iA	Represents top-range luxury saloon
	730iA may be deemed a representative of 7 Series range (730iAL, 740 iAL, and 750 iAL achieving sales of 221 cars in total). Only 1 840CiA was sold at £89,333 in 1997 in Thailand.		
Mercedes	CLK320 Elegance, CLK320 Sport	CLK200, CLK230 Kompressor	Represent lower medium luxury coupe (£34,001 - £40,000)
	E320 Classic/Elegance/Avantgarde	C220 Sport	Represent medium performance luxury saloon (£40,001 - £45,000)
	C220 Elegance, C230 Kompressor	E320 Cabriolet, E320 Coupe, E280	Represent medium luxury saloon (£40,001 - £45,000)
	E430 Elegance, E430 Avantgarde E430 Elegance estate, E430 Avantgarde Estate	E230 Elegance, E230 Estate	Represent medium luxury saloons and estates (£45,001 - £50,000)
	E36 AMG, S320L, S420L	E280 AMG, S320L, S240L	Represent top-range luxury saloons. 444 from S-Class range were sold in 1997 in Thailand.

Source: 1. Yontrakit Service Co., Ltd. 2. Thonburi Prakorbyon Co., Ltd. 3. JATO CarSpecs

By using this price band, the models in these two tables comply with the parameters or characteristics of luxury cars formulated for this study (see p21-24). Table 2.6 includes three product car segments in UK: executive saloon, luxury saloon, and dual purpose car, and Table 2.7 includes four product car segments in Thailand: upper medium, executive, luxury saloon, specialist sport, and dual purpose cars. Table 2.8 lists the car models studied for this thesis based on price and standard specification.

JATO Dynamics shows that standard specifications [i.e., Performance: maximum speed, acceleration rate (for example, see Appendix 2)] of all the selected cars of the two marques in the two countries exhibit no real tangible difference. Tables 2.13 and 2.15 also show that Mercedes sales are dominant in Thailand and BMW car sales are dominant in the UK. The objective or functional features [i.e., Performance, Efficiency, Safety, Security, Technology, Durability, Reliability and Quality (in a tangible sense)] and price are comparable. In both the UK and Thailand, BMW cars offer lower priced more powerful engine models (i.e., more horse and torque power) leading to better performance (higher maximum speed and quicker acceleration rate) and efficiency (lower fuel consumption) than Mercedes' in most segments (at the comparable ranges).

Yet these technical or functional attributes together with attractive pricing have not enabled BMW to outperform Mercedes luxury car sales in Thailand. This implies that technical or functional attributes alone do not adequately explain the difference in purchasing pattern in the UK and Thailand. Indeed, JATO Dynamics confirms that Mercedes cars are more expensive than BMW cars in every segment in both countries, yet BMW is more popular in the UK, while Mercedes is more popular in Thailand⁵ (see Tables 2.13 p36 and 2.15 p38). This has raised a question: Why do better-off consumers in Thailand prefer dearer Mercedes?

The following sections depict the significance of new luxury cars in the global motor industry, and in UK and Thailand respectively.

⁵ In fact, Thailand has been the country where Mercedes has the largest market share and the UK has been the country where BMW has the largest market share outside Germany (MIRA, 1997, p235; www.autostat.com, 2000).

2.5. The Significance of New Luxury Cars in the Global Motor Industry

Driven by intense competition in the global mass motor industry, there has been a proliferation of niche cars designed to exploit demand and generate enhanced margins. The phenomenal growth in the global demand for luxury vehicles (saloons and sports cars) at the end of 1990s (from 1,615,940 in 1998 to 2,202,727 in 1999) is a clear indication of the trend in buyers' preferences to more exclusive vehicles (<http://www.store.eiu.com/pressrelease/press101.asp>). The entry by Nissan, Toyota and Ford (by taking over Jaguar, Aston Martin, and Volvo) into the luxury car segment offers access to a growing market demand, higher profit margins per car and perhaps greater customer retention from an enlarged portfolio in all price segments.

Table 2.9. Top Ten Luxury Car Manufacturers of 1999⁶

Car Maker	Nationality	Main Production Sites (Units in '000s)	World Production (Units in '000s)	Main Markets And Consumption (Units in '000s)
Mercedes Benz	German	EU (940)	971	EU (641 including 62 in UK), USA (144)
BMW	German	Germany (680), USA (48)	742	EU (471 including 71 in UK)
Audi*	German	Germany (573), Hungary (46)	646	EU (520 Including 41 in the UK)
Volvo**	Swedish	Netherlands (149), Belgium (149), Sweden (107)	406	EU (230 Including 39 in the UK)
Alfa***	Italian	Italy (208)	208	EU (175 Including 10 in the UK)
Cadillac****	North American	USA (148)	148	USA (148)
Jaguar**	British	UK (86)	86	EU (36 Including 17 in the UK)
Porsche	German	Germany (30)	41	EU (14 Including 4 in the UK)
Ferrari***	Italian	Italy (4)	4	USA (2)
Lotus	British	UK (3)	3	UK (3)

* Audi is owned by Volkswagen, Germany

** Volvo and Jaguar are owned by Ford, USA

*** Alfa and Fiat are owned by Fiat, Italy

**** Cadillac is owned by GM, USA

Source: MAVEL: (<http://www.autostat.com>)

⁶ 1999 figures are used in this table because only figures for production of these cars in 2000 are available.

There is increasingly a greater geographic dispersal of luxury car production to take advantage of lower cost production and access to main markets. The top ten luxury car manufacturers and their nationality together with their main production sites and markets are shown in Table 2.9. Four of the ten, (Mercedes, BMW, Audi and Volvo) have production sites outside their home country whilst the remaining six producers focus on their home country. These luxury carmakers with the exception of Cadillac produce cars for export. Mercedes, BMW, Audi, and Volvo are multinational producers which together account for around 81% of world production of luxury cars (<http://www.autostat.com>). Mercedes and BMW rank number one and two respectively with a combined production of 1,713, 000 units or around 53% of world production of luxury cars (<http://www.autostat.com>). This presence and *the effect of double jeopardy*⁷ (Barwise and Ehrenberg, 1987; Ehrenberg, 1972; Ehrenberg, 2000) may enable the two marques to stay on top in their home and in their main overseas markets.

Mercedes' highest market share, outside Germany its home market is in 'Thailand' (MIRA, 1997; Schutte and Ciarlante, 1998). Mercedes also has the highest luxury car market share in many Asian countries including Japan, Singapore, Malaysia, and Indonesia (Asian Automotive Industry Forecast Report, 2000; Pemberton, 1998, 1999; Pugliese, 2000). BMW's highest market share, outside Germany, is in the 'UK' (Griffiths, 1995; MIRA, 1997) and unlike Mercedes, which dominates Southeast Asia, BMW has high market shares in the USA, Netherlands, Australia, and South Africa (DTI, 1995; Pemberton, 1998, 1999; Pugliese, 2000). Luxury cars are increasingly produced and consumed in a global marketplace and therefore the luxury car segment contributes significantly to the global motor industry.

For luxury car markets, the predominant countries of production and consumption of new luxury cars are exhibited in Table 2.10. Comparative information for the UK and Thailand is depicted in Table 2.11.

⁷ Ehrenberg's theory of buyer behaviour is that, as a general rule, in most product markets one brand is more popular than another (Barwise and Ehrenberg, 1987; Ehrenberg, 1972; Ehrenberg, 2000).

Table 2.10. Countries of Main Production and Consumption of Luxury Cars in 1999

Country	Production (No. of Cars) in '000s	Consumption (No. of Cars) in '000s
Germany	2,192 ⁸	945 ⁹
Italy	241 ¹⁰	173 ¹¹
USA	196 ¹²	515 ¹³
Sweden	107 ¹⁴	90 ¹⁵
UK	93 ¹⁶	240 ¹⁷
Japan	71 ¹⁸	103 ¹⁹
France	N.A.	130 ²⁰
Total	2,900	2,196

Source: MAVEL (<http://www.autostat.com>)

N.A. = not applicable: no production of car from any luxury car marque

Table 2.10 shows the main luxury car producing countries and markets in 1999. Germany is both the largest producer and consumer of luxury cars in the world. The USA is the world's second largest market for luxury cars but with Americans preferring to import their luxury cars rather than make them. America's production of luxury cars is less than Italy and less than double that of either Sweden or Japan. Italy is the third largest luxury car producer who produces more but consumes fewer cars than America. The UK and Japan produced roughly the same number of luxury cars, yet the UK's consumption of luxury cars was more than double that of Japan. France, is a larger market for luxury cars than either Japan or Sweden, and exceptionally has not entered the luxury car segment. It imported 103,000 luxury cars in 1999 to meet domestic demand. Similarly, the UK and Thailand rely on imports to meet domestic demand. Whilst, production of luxury cars in the UK and Thailand together only account for

⁸ including Mercedes (907,680), BMW (680,328), Audi (573,302), and Porsche (31,255)⁹ including Mercedes (379,892), BMW (237,817), Audi (257,957), Volvo (38,517), Alfa (22,227), and Jaguar (8,668)¹⁰ including Alfa (208,282), Pininfarina (27,039), Ferrari (3,670), Maserati (1,900), and Lamborghini (253)¹¹ including Alfa (91,200), Mercedes (66,408), BMW (40,888), Audi (44,002), Volvo (18,839), and Jaguar (2,427)¹² including Cadillac (147,966) and BMW (48,393)¹³ including BMW (153,658), Mercedes (144,231), Volvo (116,692), Audi (65,959), and Jaguar (35,039)¹⁴ including Volvo (107,451)¹⁵ including Volvo (64,073), Audi (11,897), Mercedes (7,028), BMW (6,091), Alfa (769), and Jaguar (599)¹⁶ including Jaguar (86,325), Lotus (3,374), TVR (1,460), Rolls-Royce (1,440), and Aston Martin (622)¹⁷ including BMW (70,932), Mercedes (62,368), Audi (40,615), Volvo (39,217), Jaguar (17,212), Alfa (9,938)¹⁸ including Lexus (70,932)¹⁹ including Mercedes (48,149), BMW (32,234), Jaguar (2,413), Volvo (10,370), Audi (6,429), and Alfa (3,915)²⁰ including Mercedes (40,460), Audi (36,920), BMW (26,671), Alfa (12,324), Volvo (9,083), and Jaguar (1,443)

0.18% of the global total luxury car production, the UK and Thailand combined consume over 0.56% of new luxury cars in the global market (as shown in Table 2.11).

Table 2.11. UK and Thailand Production and Consumption of Luxury Cars in 1999

Country	Production (No. Of Cars) in '000s	Consumption (No. of Cars) in '000s
UK	93	240
Thailand	.5	4 ²¹
Total	93.5	244
World Share	0.18%	0.56%

Source: 1. Asian Automotive Industry Forecast Report (2000) 2. MAVEL (<http://www.autostat.com>)

Yet despite the economic importance of the luxury car segment which accounts for 20% of the world's passenger car market (Krempel and Pluemper, 1997) and marketing of this product, little academic research into the demand for and consumption of luxury cars has been conducted. The limited research on luxury brands suggests that luxury cars tend to be socially consumed (Kapferer, 2000; Schutte and Ciarlante, 1998). Wealthy consumers usually purchase them not only for the cars' high quality and superior technical attributes, but also for non-technical attributes such as the perceived image of the car marque in order to demonstrate their wealth and status (Time, 1999).

The remainder of this chapter will delineate the significance of luxury car markets of the UK and Thailand, the countries of this thesis, to the global luxury car segment.

2.6. UK and Thailand as part of the Global Luxury Car Market

There are many differences between the UK and Thailand. The UK and Thailand are at opposite ends of a cultural and economic spectrum. For Kotler, Jatusripitak, and Maesincee (1997) the UK represents the 'individualistic variants' of capitalism in the modern world, whilst Thailand represents the 'communitarian²²' form of capitalism in the contemporary world. In economic terms, Thailand is almost double the land size of

²¹ including Mercedes (1,070), BMW (1,864), Audi (438), Volvo (1,136), and Lexus (92)

²² "Communitarianism takes a more organic view, emphasizing the value of belonging to groups and organizations which make decisions and which protect people in exchange for their loyalty" (Kotler, Jatusripitak, and Maesincee, 1997).

the UK (Thailand-514,000 sq.km: UK-244,100 sq.km) with a population only slightly larger than the UK (Thailand-60.21million: UK-58.6 million) (Barclays Economics Department, 1998). More strikingly, the UK's GDP and GDP per head are around six times that of Thailand. These striking contrasts mask an essential commonality in terms of wealth. The UK has 73,990 people and Thailand has 7,300 people who have \$1,000,000 plus investable assets [http://www.hnw.com/newsresch/hnw_market/sizing.jsp (Datamonitor, 2000); Mission Calculations, Socio-Economic Survey in Shilling, 1980 (Thailand data is from 1975-1976)].

This means in effect that the UK and Thailand each possess a significant segment of comparable wealth and potential market demand for luxury cars.

2.6.1. The Importance of the UK Luxury Car Market

It is estimated that there are about 7,000 franchise dealers and 17,000 repair garages and service stations in the UK, which together generated over £7 billion in 1999 (Keynote, 2000). Approximately 942,000 people were employed in motor manufacturing and related industries during 1990s in the UK (http://www.justauto.com/store/products_detail.asp?art=10257). The UK is one of the world's largest and most important luxury car markets with the balance between production and consumption of 141,000 luxury cars being imported (see Tables 1.10 and 1.11). Therefore, cars and their support infrastructure are significant to the UK economy.

This section starts with the overview of the size of total motor industry in the UK from 1990 to 1999 (presented in Table 2.12).

Table 2.12. Sales of New Passenger Cars in the UK 1990 – 1999

Year	Volumes ('000)
1990	2,301
1991	2,009
1992	1,902
1993	1,778
1994	1,911
1995	1,945
1996	2,025
1997	2,171
1998	2,247
1999	2,205

(see Table 1.13 for luxury cars)

Source: 1. The SMMT 2. BMW (GB) Ltd 3. MAVEL (<http://www.autostat.com>)

The last seven years have witnessed a gradual recovery since the recession of the early nineteen nineties: there is a steady growth of car sales in all passenger car segments in the UK.

Sales of the top luxury car marques in the UK during 1996 to 1999 are shown in Table 2.13.

Table 2.13. Sales and Market Shares (%) of Top Luxury Car Marques in the UK in 1996 - 1999

Make	1999	1998	1997	1996
Total Industry Sales	2,205,102	2,247,403	2,170,725	2,025,450
BMW	70,932 (3.21)	64,160 (2.85)	63,734 (2.94)	56,840 (2.81)
MERCEDES	62,368 (2.83)	51,972 (2.31)	42,530 (1.96)	35,797 (1.77)
Audi	40,615 (1.84)	40,906 (1.82)	35,524 (1.64)	30,327 (1.50)
Lexus	29,000 (1.31)	27,000 (1.20)	25,602 (1.18)	23,267 (1.15)
Jaguar	17,212 (0.78)	11,658 (0.52)	9,507 (0.44)	8,401 (0.41)
Porsche	2,333 (0.16)	2,332 (0.16)	2,333 (0.11)	1,490 (0.07)
Rolls-Royce	878 (0.04)	878 (0.04)	878 (0.04)	638 (0.031)
Total	223,338	198,907	180,108	156,760

(Figures in brackets as % of total sales)

Source: 1. BMW (GB) Ltd 2. JATO Dynamics (UK)



Estimation

Table 2.13 shows that the UK luxury car market has been dominated by manufacturers outside the UK, most notably by German (BMW, Mercedes, Audi, Porsche) and Japanese (Lexus) companies with domestic UK manufacturers, Jaguar and Rolls-Royce making a marginal contribution. BMW and Mercedes are the top two luxury marques, each of which has a total market share of about 3% of total passenger cars sold and 30% of total luxury car sales, followed by Audi with a market share of less than 2%. Lexus, the largest Japanese luxury car marque, is in fourth place with a market share of more than 1%. The top UK luxury car manufacturers are Jaguar (owned by Ford) with a market share of slightly less than 1%, and the specialist luxury saloon manufacturer Rolls-Royce (owned by Volkswagen) with a market share of 0.3% per year, making them the fifth and seventh largest car manufacturers in their home market. Porsche, the German manufacturer of specialist sports, is very successful with its niche market, which makes it the sixth largest luxury car marque in the UK.

2.6.2. The Importance of the Thai Luxury Car Market

In Thailand, the last decade has been characterised by fluctuations in consumer demand due to the impact of economic condition (see Table 2.14) and the effects of the financial crisis of 1997²³. However, the devaluation of the Thai currency makes cars and parts imported from the Pacific Rim more affordable. At the same time, the decade is marked by luxury car manufacturers' direct investments in production and marketing facilities in the Far East and especially in Thailand. For example, BMW invested over US\$32 million in Thailand making it home to its third largest plant after Germany and the US (Gearing, 1999; Treece, 2000) and Mercedes purchased a large assembly plant from its former importer in 1999 (Gearing, 1999) in order to benefit from a recovery in the ASEAN Free Trade Area (Business Day (Thailand), 2001). Similarly, Volvo's new "Cars Asia" subsidiary in Singapore focuses on sales to Pacific Rim countries including Taiwan, Australia, Malaysia, and Thailand (Henry, 1996). Likewise, the UK based Jaguar has considered Thailand as its manufacturing and export base in Asia (Business Day (Thailand), 1999). An overview of passenger car sales in Thailand from 1990 to

²³ Financial crisis: "The root of the problem was persistent over-investment, contributing to unsustainably large current account deficits equivalent to around 8% of GDP in both 1995 and 1996. Compounding the problem was excessive reliance on foreign debt to finance the deficits, much of its short-term, increasing vulnerability to adverse shifts in creditor sentiment". (Barclays Economics Department, 1998, p1)

1999 is presented in Table 2.14. Sales of top luxury car marques are shown in Table 2.15.

Table 2.14. Sales of New Passenger Cars in Thailand in 1990 – 1999

Year	Volumes	Reasons
1990	302,700	
1991	268,600	
1992	363,000	Introduction to VAT systems
1993	456,500	Start of lower taxes on motor trade effecting on price
1994	485,700	More establishments of assembly plants effecting on volumes
1995	569,700	More investments, more cost-efficient products
1996	588,400	Start of the depreciation of the Thai currency
		Sales rapidly increased before the re-adjustment of car taxes
1997	347,943	Crisis and recession
1998	46,250	Crisis and recession
1999	67,039	Crisis and recession

(see Table 1.15 for luxury cars)

Source: 1. Asian Automotive Industry Forecast Report (2000) 2. Sanyanusin (1994, p15-18)
3. The SMMT (1997)

Table 2.15. Sales and Market Shares (%) of Top Luxury Car Marques in Thailand 1996 – 1999

Make	1999	1998	1997	1996
Total Industry Sales	67,039	46,250	347,943	588,400
MERCEDES	1,945 (2.90)	1,469 (3.18)	6,292 (1.81)	7,053 (1.20)
BMW	1,560 (2.33)	1,009 (2.18)	2,279 (0.65)	3,419 (0.58)
Volvo* (all)	679	1,136	2,786	3,798
Volvo 960	93 (1.15)	321 (3.15)	85 (0.82)	90 (0.66)
Audi	463 (0.69)	438 (0.95)	1,047 (0.30)	1,223 (0.21)
Lexus	92 (0.14)	71 (0.15)	45 (0.13)	50 (0.01)
Infiniti	1 (almost 0%)	0	20 (almost 0%)	20 (almost 0%)
Jaguar	51 (0.08)	6 (0.01)	75 (0.02)	0
Total	4,884	4,450	12,659	15,653

(Figures in brackets as % of total sales)

— Estimation *Volvo is the cheapest: Volvo 960 cars are comparable to other marques in the Table.

Source: 1. Asian Automotive Industry Forecast Report (2000) 2. JATO Dynamics Thailand
3. 2000 Year-End Economic Review (<http://www.bangkokpost.net/yereview2000/auto.html>)

Table 2.15 shows that, in the luxury car segment, German cars dominate. Mercedes being the brand leader followed by BMW, has been achieving sales of around 5.23% of the Thai luxury car market. It is also claimed that Thailand is the country outside Germany where Mercedes has the largest share (MIRA, 1997). The biggest competitor is BMW lying in second place, followed in third place in four out of five years by Sweden's Volvo. Audi overtaking Volvo for third place in 2000 giving German luxury cars a dominating presence in the Thai market. Sales of Lexus and Infiniti, the product of Japanese upward brand stretching, exceed sales of Jaguar cars.

The sales figures in Tables 2.13 and 2.15 confirm that Mercedes and BMW are the top two luxury car marques in the UK and Thailand and both have seen declines in demand during the economic of the nineteen nineties. Since the UK and Thailand have a segment of comparable wealth who purchase luxury cars and it is the dominance of BMW in the UK and Mercedes in Thailand, which merits further investigation.

2.7. Summary

Luxury cars which now account for some 20% of the global world passenger car market (Krempel and Pluemper, 1997) are the subject of this thesis based not only on the economic importance of this product but also the relative neglect of this subject in the academic literature. The UK and Thailand are the countries of choice for this comparative study owing to the existence of a segment of comparable wealth and a reliance on imports of luxury cars. BMW and Mercedes are the two marques of choice for this investigation because of their relatively large scale production in the global luxury car industry and their significant market shares in both the UK and in Thailand. Lastly, this topic is of great personal interest owing to my family's involvement in the car industry, my past work experience and my anticipated future in the luxury car industry.

This study seeks to explain the differences in market ranking of BMW and Mercedes in the UK and Thailand in order to generate lessons for future brand marketing in an era of increasing globalisation and wealth.

Chapter 3: The Psychological Perspectives of Consumer Behaviour of New Luxury Cars

3.1. Introduction

Chapter 2 depicted the role and significance of car production, consumption, and trade of new passenger car industry to the global economy as well as the attraction of the luxury car segment to mass car producers. An explanation for the choice of the UK and Thailand luxury car markets as a basis for this study was also provided. The parameters of luxury car segment and a price concept applicable to both the UK and Thailand were developed for this study.

The market data presented in Chapter 1 shows different patterns of luxury car purchases not explained by price and wealth. Therefore, a study of consumer behaviour of luxury cars should explore the hidden factors or variables, which affect consumption decisions. Indeed, in 1984, Sir Douglas Hague, former Chairman of the Economic and Social Research Council, commented:

“I certainly believe that most economists would be better and more effective economists if they took more notice of what sociologists, psychologists and others have to offer. Equally, the other social sciences might be more effective in their own fields if they paid more attention to the working of the economic system and the constraints under which societies have to operate.” (Chisnall, 1995, p12)

In this view, an appropriate research strategy for the study of consumer behaviour of luxury cars requires comprehensive, reliable knowledge about consumer decision making behaviour, taking not only economic factors into account but also other complex motivations that may arise from psychological, cultural, and social influences.

One of the most well-known theories of conspicuous consumption was proposed by Veblen (1925), in his model of social-psychological factors, which is based on the idea that price enhances utility (Braun and Wicklund, 1989; Veblen, 1970). He proposed that individuals crave status, and the status is enhanced by material displays of wealth. In this sense, utility should be defined over ‘consumption and status’ rather than over ‘consumption and prices’. Veblen distinguished between two motives for conspicuous consumption goods: “invidious comparison” and “pecuniary emulation” (Braun and

Wicklund, 1989). Invidious comparison refers to situations in which a member of a higher class consumes conspicuously to distinguish himself from members of a lower class. Pecuniary emulation occurs when a member of a lower class consumes conspicuously in order to be seen as a member of higher class. For example, in the UK, members of the lower middle class (C1- supervisory or clerical, and junior managerial, administrative or professional) may pursue their 'pecuniary emulation' by purchasing cars from the lower range of luxury car marque (e.g., Mercedes A Class), but cannot afford to purchase luxury cars from the top range (e.g., Mercedes E or S Class) to achieve the 'invidious comparison' exercised by the members of middle or upper middle class (A – higher managerial, administrative or professional; B – intermediate managerial, administrative or professional). In this sense, price is a powerful signal of exclusivity. Therefore, the rationale of 'conspicuous' consumers is not to maximise utility, but is to put wealth in evidence to be rewarded with preferential treatment.

In this sense, the current total worldwide sales and advocacy of high-specification mass produced cars and luxury cars (outlined in Chapter 1) may have been driven by not only the 'needs' of consumers for technical or objective attributes, but also the consumers' desire as a consumption of non-technical or subjective attributes of the cars. Therefore, it is very important to delineate the consumer behaviour theories, which are most relevant to consumer behaviour of luxury cars in this chapter.

3.2. Consumer Behaviour Perspectives

From the fields of anthropology, psychology, and sociology, the field of psychology provides the greatest insights into consumer behaviour because it involves important areas such as learning and remembering, perception, thinking, attitudes, beliefs, motivation, and emotion (Britt, 1970; 1987), which are crucial to consumer purchase decisions. This is perhaps why psychology has formed the mainstay of marketing thought and practice and formed the basis of academic writings on consumer behaviour since the 1950s (Krech, Crutchfield, and Ballachey, 1962). Therefore, this chapter outlines the three main aspects of the psychology of consumer behaviour: cognitive, behavioural, and trait perspectives.

3.2.1. Cognitive Perspective

The cognitive perspective developed by psychologists (e.g., Ehrlich et al., 1957; Festinger, 1957; Brehm and Cohen, 1962; Straits, 1964) during the 1950s and 1960s focuses on 'cognitive learning' that involves mental processes, which include a variety of activities ranging from the learning of information to problem solving (e.g., Asch, 1965; Tybout and Artz, 1994).

Many consumer behaviour studies have focused on individual cognitive processes and have shown relatively little concern with group influence on buyer behaviour. However, group decision making, information is exchanged within social interaction, and information may be exchanged. Thus, cognition may not be solely a consequence of the "isolated individual mulling over his or her thoughts" (Morgan, 1986) but may also be social in his/her origin and development (Carley, 1986; Fishbein, 1967). In addition, it is also important to note that the social structure of a larger group facilitates or restricts interaction among its members. Thus, social structure constrains who has access to what information, affecting the cognitive structure of an individual (Carley, 1986). For example, members of a particularly cohesive subgroup are likely not only to come to possess similar information as a result of their interaction but also to organise and interpret information in a similar fashion. At the same time, their knowledge structures may differ from those of other subgroups. Therefore, in addition to the impact on individuals' cognitive structures, another important cognitive consequence of interaction arises from social structure: the information is shared by a group (Morgan, 1986; Sandelands and Stablein, 1987).

It is suggested that to study today's consumer behaviour, one has to focus more on an "... explicit insight into how knowledge, beliefs, or other social cognitions are acquired and used, and how mental representations and processes systematically develop and operate as a function of social constraints" (Van Dijk, 1988). Therefore, a cognitive perspective alone is insufficient to provide a sufficient explanation as to why more purchasers of luxury cars purchase BMW in the UK and why more Thai purchasers of luxury cars purchase Mercedes (see Chapter 2, Tables 2.13 and 2.15 p36-38). This leads to the need for a more comprehensive perspective: the behavioural perspective.

3.2.2. Behavioural Perspective

The behavioural perspective may be superior to the cognitive approach to understand social pressure/influences and consumer behaviour of various types of products. Since its unique principle is to interpret the transformation of buying influences into purchasing responses (Kotler, 1994), many useful models have been developed from different aspects based upon the traditional stimulus-response or “black box” model (Bagozzi, 1980; Stewart, 1991). These include, for example, (1) the Pavlovian model¹ of learning, (2) the Freudian model² of psychoanalytic motivations, and (3) the Veblenian model³ of social-psychological factors. The concept of *attitude* is very important to predict behaviour (Fishbein, 1967). The first use of the attitude concept to explain social behaviour was demonstrated by Thomas and Znaniecki (1918) who viewed attitudes as “individual mental processes that determine a person’s actual and potential responses”. Over the years, many researchers (e.g., Thurstone, 1931; Likert, 1932; Allport, 1935; Osgood, Suci, and Tannenbaum, 1957; Krech, Crutchfield, and Ballachey, 1962) then focused on the “attitude-behaviour” relationship. Consequently, much of the work of consumer researchers specialising in attitude studies (e.g., Fishbein, 1967; Fishbein and Ajzen, 1975; Howard and Sheth, 1969; Howard, 1989) has been based on an attempt to elucidate the linkage among these constructs. Consumer behaviourists begin to view an attitude as the following:

“The overall degree of *liking* or *disliking* for a concept, e.g., product, brand, act or goal..., a learned pre-disposition to respond in a consistency favorable or unfavorable manner with respect to a given object...” (Fishbein, 1967, p6)

“The extent to which the buyer expects the brand to yield *satisfaction* of his particular needs. To the extent the buyer does, it spurs her intention to buy the brand.” (Howard, 1989, p32)

The attitude-behaviour relationship can be viewed in two directions: (1) attitudes are affected by behaviour, and (2) behaviour is affected by attitudes, which predominates largely upon the type of product. A study by Barwise and Ehrenberg (1985) indicates

¹ The theory is based on *drive, cue, response, and reinforcement* (Dollard and Miller, 1950). The model makes no claim to provide a complete theory of behaviour. However, it is widely used in advertising.

² The most important marketing implication of this model is that buyers are motivated by *symbolic* as well as *economic-functional* product concerns (Scriven, 1958).

³ The theory holds that man’s attitudes and behaviour are influenced by several levels of society-culture, subcultures, social classes, reference groups, and face-to-face groups [Veblen, 1899 cited in Braun and Wicklund (1989)].

that, with frequently purchased brands, it was usage or experience of the product that shaped intention to buy. Some other studies suggest that brand attitudes follow the purchase of fast moving consumer goods (Brown, 1950; Barwise and Ehrenberg, 1985). Thus, the attitude-behaviour relationship can be viewed as a 'two-way' direction [attitudes \leftrightarrow behaviour]. However, in seeking ways in which consumer behaviour of durable or high involvement products can be predicted from attitudes, the relationship of attitudes and behaviour should be viewed as a one-way association [attitudes \rightarrow behaviour] (Bagozzi, 1980; Kalwani and Silk, 1982; Lapersonne, Laurent, and Le Goff, 1995; Pickering, 1981; Rosecky and King, 1996; Morrison, 1979; Yi, 1989). For example, Pickering (1981) found that purchase intention or attitude towards the purchase for consumer durables were often followed by later purchase. In this view, luxury car owners' attitude and buyer behaviour relationship may go in two directions. On one hand, some buyers can be very loyal and repeat their purchases: their experience leads to an action (behaviour). On the other hand, new customers or potential buyers are new to luxury car market: their attitude helps intention and leads to an action (purchase).

In this sense, "the theory, models, and measurement of attitudes are all interrelated, so that understanding and using the construct depends largely upon understanding how the concept of attitudes is operationalised or measured in consumer research" (Foxall, 1998). One of the most widely used attitude and behaviour models today is the "Behavioural Intentions Model" devised by Martin Fishbein (1967). His theory of "reasoned action" places attitudes within a sequence of linked cognitive constructs: beliefs, attitudes, intentions, and behaviour⁴. He proposes that a person's overall attitude towards an object depends upon the strengths of his beliefs concerning the object (e.g., a product) and his evaluation of these beliefs. Thus, attitudes can be broken into three components: (1) overall attitude toward the object (the salient beliefs), (2) the belief strength in which any one item is held (the object attribute linkages), and (3) the evaluative item (the actual rating) [Fishbein, 1967; Wilkinson, 1998]. These components, according to Fishbein (1967), are primary or causal antecedents of behaviour.

⁴ Fishbein (1967) behavioural intention is also portrayed as a function of his or her *subjective norm*, i.e., the respondent's beliefs about other people's evaluations of his or her acting in this way, weighted by his or her motivation to comply with what they think.

Thus, if the attitudes of owners and potential purchasers of BMW and Mercedes are to be known, it might be possible to explain and predict car buyer behaviour. The Fishbein (1967) behavioural intention model underpins the exploratory research and will be used as a theoretical concept for this thesis, leading to the first hypothesis (see Chapter 7, Table 7.1 p110-113):

H1 Buyer attitude is related to buyer intention which influences buyer behaviour.

3.2.3. Trait Perspective

Trait theories classify people and groups into various personality types or characteristics (Hjelle and Ziegler, 1992; Chisnall, 1997; Marsden and Littler, 1998). A trait can be defined as any distinguishable, relatively enduring way in which one individual differs from another (Engel, Blackwell, and Miniard, 1990). This includes characteristics that account for differences among people and that are predictive of their behaviour (Howard and Sheth, 1969). In response to the stimuli, the personal differences tend to be relatively enduring and evolve from such factors as heredity, personal experience, environmental influences, sociability, relaxed style, and amount of internal control (Britt, 1979; Engel, Blackwell, and Miniard, 1995).

The trait perspective has formed the basis for various personality or behaviour traits inventories and statistical techniques (i.e., factor analysis) designed for identifying: (a) psychographics/lifestyle market segmentation (Capelli, 1984; Edris and Meidan, 1990; Lawson, 1995) and (b) for exploring consumer decision making styles and strategies (Kassarjian and Robertson, 1981). Most psychographics/lifestyle market segmentation techniques consist of a "battery of standardised statements designed to capture the traits of consumers in terms of their attitudes, interests, and opinions" (Michman, 1991).

3.2.3a. Self-Concept Theories

Included in the trait perspective is the humanistic theory that focuses on the individuals' self-image and the urge towards self-fulfilment (self-actualisation). Self-concept, developed from Freudian psychological concepts (Scriven, 1958), and is of interest to

marketers because purchasing behaviour may be significantly influenced by the match relationship between products and personality of the buyer.

Birdwell (1968) conducted an interview with 100 respondents who had just bought a car during a four-month period and found that people's perception of their car was essentially congruent with their perception of themselves, and the average perception of a specific car type was different for owners of different models of cars. That is, for an individual consumer and his significant references, total understanding of the product's symbolic meaning includes perceptions of the kinds of people whom they believe use that product/brand (see Chapter 4, Section 4.5.1 p59 and Chapter 5, Section 5.2.1 p78). When a person selects a specific car, he or she is communicating that he or she wants to see himself or herself as associated with the kind of person he perceives consumes the car. Thus, consumers of a specific brand of a product would hold self-concepts they attribute to other consumers of the same brand (Ferber and Wales, 1958; Staudt and Taylor, 1965).

3.2.3b. Object Signification Approach

While personality/values lifestyle analysis seeks to describe the psychological structuring of consumer behaviours, the other predominant theoretical framework for analysing social patterns of consumption focuses on the patterning of object meanings (where 'object' includes goods, activities, and events). In the object signification approach, consumption objects are viewed as "vessels" of meaning that consumers acquire when they consume the object (Levy, 1959; McCracken, 1986; Richins, 1994). One important class of meanings that objects express is social meanings: the meanings that serve to represent and thus 'demarcate' social categories such as class and race. It is believed that collectivities are expressed in consumption of objects that has meanings to the collectivity (Levy, 1959). An object is not only consumed for individual meaning, but also for group. Solomon (1996) terms this as "consumption constellations" (Solomon, 1996). For example, in their research, Dittmar and Pepper (1994) point out that "a Porsche cannot function as a symbol of virile, masculine identity unless at least the owner's reference group shares the belief that the car is indeed masculine".

It might also be possible to predict that consumers with similar socio-economic levels (middle to upper class) from different groups could communicate their differences in personal and social identity through the use of different possessions or different symbolic objects. People may purchase cars from different marques (e.g., BMW or Mercedes) at relatively the same region of prices to communicate the same level of wealth but represent different symbol of identity (see Chapter 4, Section 4.5.1 p59 and Chapter 5, Section 5.3 p81).

MacInnis and Price (1987) and Engel, Blackwell, and Miniard (1995) describe that imagery is a process by which sensory information and experiences from long-term memory are represented in short-term memory. It is possible that user imagery and usage imagery are also related largely to social class and status. All individuals share in a process of transmitting, reproducing, and transforming the social meaning of objects. Thus, consumers receive the meaning of objects, transmitted by others and which they, in turn transmit to others, but they are also transformers of social meanings. For example, Mercedes is the prestigious choice in Thailand. Marketing and/or advertising largely shapes user imagery and usage imagery (Engel, Blackwell, and Miniard, 1995; MacInnis and Price, 1987). The Thai Royal family, politicians, and millionaires are seen in Mercedes limousines. Enhancing these values, Mercedes' advertising consistently promotes Mercedes as a very expensive, luxury, and prestige car with a reputation for reliability (dependability: in terms of ease of maintenance and repair cost) and durability. Consequently, customers' imageries are then linked to a 'cognitive elaboration mechanism' according to which 'used by' information would increase interest in the product under consideration (Hong and Wyer Jr., 1989). For example, Mercedes owners may be regarded as rich and exclusive.

3.3. Review of Car Consumer Behaviour Research

In the last two decades, the major car consumer behaviour researchers were mainly concerned with popular mass-produced cars in the North America (Rokeach, 1973; Rao and Sabavala, 1981; Carpenter and Lehmann, 1985; McFadden, 1986; Yi, 1989; McCarthy et al., 1992; Purohit, 1992; Bauer and Hermann, 1995; Lapersonne et al.,

1995; Haubl, 1996; Iacobucci et al., 1996; Sullivan, 1998). The focus of their research included: (1) car choice attributes (Rokeach, 1973; McFadden, 1986), (2) customer loyalty and brand switching (Carpenter and Lehmann, 1985; McCarthy et al., 1992; Purohit, 1992; Iacobucci et al., 1996), (3) attitude and car attributes (Yi, 1989; Lapersonne et al., 1995), (4) consumer purchase patterns (Rao and Sabavala, 1981; Bauer and Herrmann, 1995), and (5) country-of-origin and brand name effects on the evaluation of cars (Haubl, 1996, Sullivan, 1998). The main conclusion of these studies is that technical attributes are more important than non-technical attributes to mass-produced car purchasers. Thus, most of the consumer purchase decision models developed in these studies can only be used to explain or predict purchasing patterns or switching behaviour in mass-produced car markets.

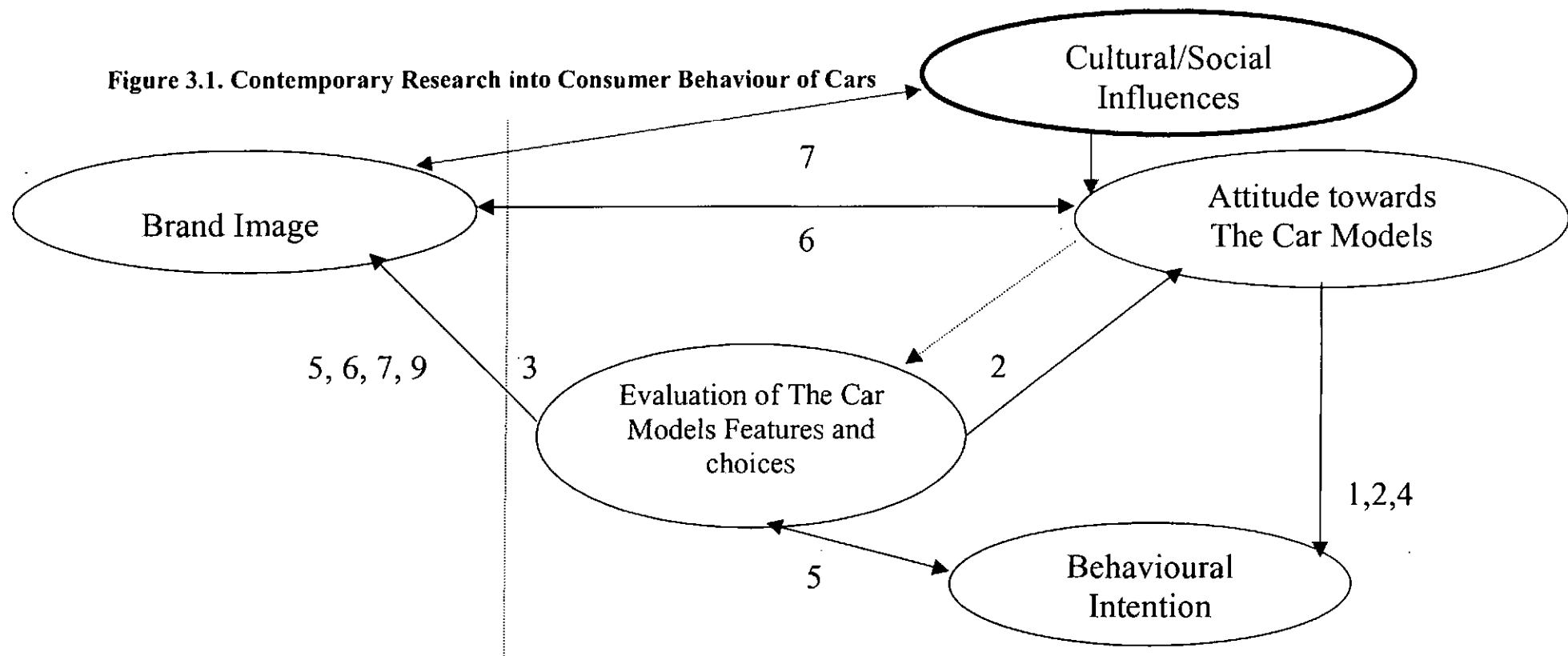
However, a minority of researchers (Festinger, 1964; Jahoda and Warren, 1966; Markin, 1969; Rosecky and King, 1996) have studied consumer behaviour of luxury cars focusing on perceptual differences amongst owners of luxury or exclusive cars. A significant finding is that *not only* technical *but also* non-technical attributes of the cars are considered to be very important by owners of luxury cars. Additionally, car owners of a luxury marque have their own attitudes, perceptions, or specificity, which can be different from other marques. In a study of Rosecky and King (1996), current owners of luxury cars in the US were queried regarding their perceptions of Japanese, American and European luxury cars. Findings revealed significant difference in the appraisal of Japanese, American and European luxury cars when classified by brand of car presently owned. Each set of car owners has favourable attitudes towards both technical and non-technical attributes of their own marque and the other marques.

Accordingly, instead of focusing only on technical or non-technical attributes or *vice versa*, the most appropriate research approach to consumer behaviour of luxury cars should be the one that examines both tangible (technical features e.g., performance, economy, safety, technology) and intangible (non-technical features e.g., style, prestige, status, brand name) elements [this is used later in the thesis (see Chapters 8 and 9)].

3.4. Structural Relationship of Luxury Car Consumer Behaviour Constructs

Figure 3.1 illustrates the contemporary research into consumer behaviour of cars. It shows a structural relationship of five main constructs: (1) evaluation of car models' attributes and choices, (2) attitudes towards the car models, (3) behavioural intention, (4) brand image, and (5) cultural/social influences. The first three are the most researched areas, whilst the fourth construct – the significance of brand image on the consumer buying process - has only recently come to attention especially in the consumer behaviour of luxury cars (as delineated in Section 3.3). In their study, Clarke and McDowell (1996) found that, for the mass-produced Ford, a widespread dealer network, substantial and cost effective servicing facilities and support were particularly important to the reputation of Ford cars. In contrast, the niche BMW was characterised predominantly by issues of congruity between brand image and self-image or presentation of the consumer rather than product differentiation. Brecht and Halleman (1997) show that German consumers consider functional attributes of BMW and Mercedes to be equally good. What differentiates them is the 'dimension of dynamism', where BMW has a clear lead over Mercedes. This implies that consumer choices of luxury cars are driven by not only utilitarian but also hedonic considerations. These different considerations map onto independent components of product evaluations and attitudes and enable the consumer to distinguish between goods according to their relative hedonic or utilitarian nature.

For the fifth construct – the cultural/social influences, it is striking that a review of car consumer behaviour and cultural studies does not indicate any evidence of an empirical investigation into buyer consumer of luxury cars in two culturally distinct countries. Figure 3.1 suggests 'external' factors including car attributes, car image, and culture and 'internal' factors such as personal self-image, identity, and aspiration. These factors should contribute to luxury car buyers' attitude, which could shape their behavioural intention. Fishbein (1967) behavioural intention model, which is based on the behavioural perspectives (see Section 3.2.2 p43) will be used to explain luxury car purchasing decision making (Roberts and Lattin, 1991; Rosecky and King, 1996). For "attitude can predict behaviour", and is tied firmly to the buyer's intention to purchase or repurchase. When pre-purchase alternative evaluation (in terms of expected



- (1) Loyalty and Switching (McCarthy, et al., 1992) [US]
- (3) Market Demarcation (Bauer and Herrmann, 1995) [Germany]
- (5) Network Analyses of Brand Switching (Iacobucci et al., 1996) [UK&France]
- (7) Country-of-origin & Brand Name effects on evaluation of Cars (Haubl, 1996) [Canada]
- (9) Brand Name Effects (Clarke and McDowell, 1996)

- (2) Automobile Purchases (Lapersonne et al., 1995) [French]
- (4) Durable Replacement Intentions (Bayus, 1991) [US]
- (6) Market Implications (Rosecky and King, 1996)[US]
- (8) Image and Brand Values (Brecht and Halleman, 1997)

benefits) takes place, attitude may be the strongest decision making factor and consumers may not undertake the information search. Attitude then shapes purchase and consumption and assimilates satisfaction from the car and services for post-purchase alternative evaluation. Thus, buyer's attitude is believed to be a foundation of buyer behaviour (Bagozzi, 1989; Chisnall, 1995; Fishbein and Ajzen, 1975; Yi, 1989).

Fishbein (1967) proposes that a person's overall evaluation of an attitude object is usually determined by the person's beliefs and/or feelings about the attitude object. A customer's overall evaluation of a luxury car can depend upon beliefs about the car's reliability, durability, safety and technology as well as the feelings of prestige and pleasure that might not even come from owning and driving by the owner himself but the feeling of comfort from being transported. A common example is a chief executive officer or a company director who is sitting on the rear leather seat watching the news on TV or reading newspaper while his or her personal chauffeur is driving the luxury saloon. As described in Section 3.2.2, the attitude-behaviour relationship of consumers of durable or high involvement products is likely to be a one-way association: attitudes affect buyer behaviour. In this respect, these attitudes become an evaluating judgement (desire or not to desire) based on experience such as satisfaction from products, services, and driving experience.

Further, consumers in different countries could also have differences in specificity. Kern, Wagner, and Hassis (1989) conclude that there were marked national differences in taste for cars. For example, in the Netherlands, a car attracts customers by means of its 'intrinsic qualities', such as solidly produced interior fittings rather than by external such as body chassis's design. In Austria, the car should demonstrate self-assurance. That is, it is supposed to display what its owner can afford and 'who he is'. And in Italy, the car is expected in particular to match its driver's personal style. Requirements on design and aesthetic qualities, together with dynamic driving performance, stand out very clearly from the requirement profiles valid in other countries. When applying this to the luxury car sales in the UK and Thailand, the fact that BMW is more popular in the richer UK, while Mercedes is traditionally more popular in poorer Thailand (see Chapter 2) suggests that luxury car customers possess differences in their perceptions, which are attitudes and specificity; which are shaped by customers' cultural values and characteristics.

3.5. Summary

This chapter showed that the psychological school's theories of cognitive, behavioural, and trait perspectives form the basis of marketing practice and academic writings on consumer behaviour. The behavioural perspective provides Fishbein's (1967) behavioural intention model (see Section 3.2.2 p43), which is an appropriate theoretical model for this thesis. Hypothesis 1 was established being:

H1 Buyer attitude is related to buyer intention which influences buyer behaviour.

Chapter 4: Cultural Influences on Consumer Behaviour

4.1. Introduction

Chapter 3 outlined the concept of conspicuous consumption and the psychological cognitive, behavioural, and trait aspects of consumer behaviour theories and provided a review of existing consumer behaviour research into car choice. The literature review of consumer behaviour yielded Hypothesis 1 linking buyer attitude to buyer behaviour. This chapter deals with the effect of culture on aspects relevant to consumer behaviour such as the concept of self and interpersonal relationships. It reviews three levels of cultural impacts, which are individual, group, and society. There are three main theoretical frameworks including (1) Maslow's hierarchy of needs (1965; 1987), (2) Park, Jaworski, and MacInnis strategic brand concept-image management (1986), and (3) Hofstede's cultural dimensions (1991; 1994) yielding Hypothesis 2. Maslow's hierarchy of needs in conjunction with the Asian equivalent proposed by Schutte and Ciarlante (1998) show clearly the difference in self-actualisation in the West and Asia. This leads to Park, Jaworski, and MacInnis strategic brand concept-image management, which depicts the relationship between brand and self-image. Thereafter, Hofstede's cultural dimensions relevant to consumption of luxury cars are reviewed and help formulate the second hypothesis of this study. Finally, a review of market data together with culture literature confirm that differences are exhibited in purchases of new luxury cars.

4.2. Overview of Cultural Influences on Consumer Behaviour

The USA's cultural and economic international expansion and the success of the Japanese export drive underpin the prescriptions for global marketing by academic/business writers including Levitt (1983), Ohmae (1990, 1991), and Keegan (1995) who argue for the globalisation of marketing of products and services, facilitated by the global spread of knowledge, information, capital, and the convergence of consumer tastes and incomes. The drive towards globalisation is reinforced by the attractions of cost savings, economies of scale in production, marketing, and

procurement as well as the need to recover heavy investment costs in capital intensive industries (e.g., pharmaceutical products and cars). The rationale for a global product is that good value excellent quality standardised products will appeal across national boundaries regardless of cultures.

Accordingly, advocacy of global marketing with standardisation of the marketing or services mix has dominated late twentieth century marketing texts and the practice of large US companies to exploit economies of scale and scope and early recovery of capital investment to meet short-term performance targets. Marketing researchers (e.g., Schouten, 1991; Bristor and Fisher, 1993; Roth, 1995a; Usunier, 1996a; Whitelock and Pimblett, 1997; Huff and Alden, 1998), whilst acknowledging a great variety of local, international, and global products and brands and the significance of cultural differences, have nevertheless prescribed standardisation of the marketing mix. However, growing affluence in the last decade has encouraged individualism and the acquisition of 'local' products and more recent decentralisation of marketing in some US companies such as Coca-Cola¹. Culture shapes consumption patterns (Usunier, 1996b) and attitudes (Donthu and Yoo, 1998; Douglas and Craig, 1997). Consistent with this, therefore, there has recently been growing interest from researchers to study consumer behaviour employing the *cultural meaning perspective* approach where, it is postulated, consumers differ in preferences and behaviour (Schutte and Ciarlante, 1998).

Most studies of consumer behaviour in general (e.g., Festinger, 1954; Douglas, 1976; Hirschman, 1985; Robinson, 1997) and in car markets in particular (e.g., Kalwani and Morrison, 1977; Rao and Sabavala, 1981; Carpenter and Lehmann, 1985; McCarthy et al., 1992; Purohit, 1992; Haubl, 1996; Rosecky and King, 1996; Iacobucci et al., 1996; Sullivan, 1998) are grounded in Western, primarily North American culture. The theories, which have been derived can therefore legitimately only be used to describe,

¹ After the seven-year-old "Always Coca-Cola" theme introduced in 1993, in February 2000 the company based on a new brand campaign based on 18 months of market research conducted around the world including Asia and the West aiming at finding out what people around the world value in life and how they experience the brand (Korea Herald, 2000).

predict, or understand consumer behaviour in North America² and perhaps Europe. Additionally, the effectiveness of predictions derived from such theoretical frameworks in diverse cultural settings has not been extensively explored (Gergen et al., 1996). However, recent research on national culture (e.g., Matsumoto, 1989; Triandis, 1989; Mead, 1998; Schutte and Ciarlante, 1998) and social psychology (Markus and Kitayama, 1991; Morris and Peng, 1994) have demonstrated that consumer behaviour varies across cultures. Hofstede (1980) was one of the first researchers to question the applicability of US management theories and practices in other cultural contexts. His influential work on cross-cultural managerial value systems (individualism-collectivism, masculinity-femininity, power distance, uncertainty avoidance, and long term-short term orientation) has been employed/adapted as a framework for 54 subsequent studies developed between 1981 and 1993 (Yates and Cutler, 1995). Several other scholars (e.g., Arunthanes, Tansuhaj, and Lemak, 1994; Yau, 1994; Levy, 1996; Probert and Schutte, 1996; Tai and Tam, 1996; Tseng, 1996; Usunier, 1996a, 1996b; Schutte and Ciarlante, 1998) have also conducted multi-country/cultural research in marketing and consumer behaviour. Most of these cultural studies postulate that cultures are country or region specific, with the Asian consumer behaviour being acknowledged to be different from that in the West (Gregory, 1999; Schutte and Ciarlante, 1998). This chapter seeks to depict two different markets with different cultures: the UK and Thailand and their differences in culture and the differences in purchasing pattern of two German luxury car marques, BMW and Mercedes.

4.3. What is Culture?

Although there exist numerous definitions/descriptions of culture proposed by anthropologists, psychologists, historians, marketers, management/culture gurus, and other writers (e.g., Banton, 1968; Hofstede, 1991; Howard and Sheth, 1969; Krech et al., 1962; Kroeber and Kluckhohn, 1952; Linton, 1968), they agree a similarity that culture is not what an individual was born with, but rather that individual behaviour is

² For example, Hirschman (1985) used the primitive aspects of consumption in definite US ethnic groups (Black, Italians, Wasps (White, Anglo-Saxon, Protestant), Jews) as an ideological framework to generalise the way consumers seek information and make personal decision. Such view that underlies the theories and concepts should not solely be adopted when looking at international markets.

largely determined by external environmental stimuli which an individual, as a member of society learns. The social psychologists Linton (1945), Kroeber and Parsons (1958), and Bourdieu (1980) proposed their widely used descriptions of culture.

Linton proposed that culture is:

“the configuration of learned behaviour and results of behaviour whose component elements are *shared* and *transmitted* by the members of a particular society” (Linton, 1945, p32);

Kroeber and Parsons proposed that culture is:

“transmitted and created content and patterns of values, ideas, and other symbolic-meaningful systems as factors in the shaping of human behaviour and the artifacts produced through behaviour” (Kroeber and Parsons, 1958, p582);

and the French sociologist Pierre Bourdieu proposed that culture is:

“the collective programming of the mind which distinguishes the members of the one group or category of people from another” (cited in Hofstede, 1994, p5).

The definition of Bourdieu (1980), in particular, is used by the management/culture guru Hofstede (1994). In this sense, Hofstede agrees with Linton (1945), Kroeber and Parsons (1958), Bourdieu (1980), and other writers (Kroeber and Kluckhohn, 1952; Krech et al., 1962; Banton, 1968; Howard and Sheth, 1969) that culture is learned, not inherited. That is, it derives from one’s environment, not from one’s genes. Culture should be distinguished from human nature on the one hand, and from an individual’s personality on the other. This view of Hofstede’s is also shared by the fellow management/culture researchers Trompenaars and Hampden-Turner (1997).

Both Hofstede (1994) and Trompenaars and Hampden-Turner (1997) offer a cultural dimension approach for the analysis of cultures as an aid to management of multinational businesses. Their empirical-based classification of nations according to their predominant cultural dimensions offer guidance for management and are relevant for marketing. For Hofstede, after studying the theories and empirical research of the sociologist Alex Inkeles (1960) and the psychologist Daniel Levinson (1974), suggested that, in understanding culture world-wide, it is important to address the issues of “the relationship between individual and society” and “the self-concept” which have considerable importance for marketers.

In line with the social-psychological theory of Veblen (1899) and Freudian psychological concepts (Scriven, 1958) under behavioural perspective of consumer behaviour (see Chapter 3, Section 3.2.2 p43), Hofstede (1991) acknowledges that the relationship between individual and group or society influences the conception of self (self-concept³). Since the self-concept represents an individual's thoughts and feelings which has reference to himself as an object, people would behave consistently with their self-concept, and thus 'perception' of self forms part of the basis for social personality and behaviour (Grubb and Grathwohl, 1967). This social identity is part of an individual's self-concept, which derives from the knowledge of one's membership of a social group together with the value and emotional significance attached to that membership (Tajfel, 1982). In this respect, the social identity is composed of two broad types: (1) personal identities based on individuals' traits, preferences, and attitudes and (2) social identities based on group memberships (Bourne, 1957; Britt, 1966; Chisnall, 1995). Therefore, it may be said that culture impacts at three levels including individual, group, and society and it is this that shapes consumer behaviour. A review of 'the relationship between individual and society' and the 'self-concept' follows.

4.4. The Relationship between Individual and Society

The concept of *reference group* originated by the social psychologist Herbert Hyman (1942) is the most relevant concept for this thesis. He postulated that individuals "belong" to one of the two groups: *membership groups* (to which a person belongs) or *aspirant groups* (to which a person aspires to belong). Both groups affect behaviour by establishing patterns of consumption (Chisnall, 1997). In a membership group, an individual uses brands or products that most members in his or her membership group use to show that he or she is in the same level group, whereas in an aspirant group an individual strives to use brands or products that people in the group to which he or she aspires to belong use. However, it may be viewed that a person from one group can move to another group by means of consumption of products from certain class or category. At one hand, a person uses fast moving consumer goods or other products at

³ developed from Freudian psychological concepts.

level of prices similar to what most people use. On the other hand, he or she may use expensive brands or products from high-involvement, durable, or luxury categories to differentiate himself or herself from people in general. Thus, a person can belong to 'both' groups. In this respect, the management academic Mead (1998) asserts that different social groups may respond to similar situations in different ways. In a consumer behaviour context, this implies that people from different groups may purchase different products to guarantee them different professional or social advantages. This reflects Veblen's theory of conspicuous consumption that individuals acquire displays of wealth to maintain and enhance their status (see Chapter 3, Section 3.1 p40). Furthermore, Hyman's (1942) concept of reference group appears to have some linkage with the two motives of consumption as identified by Veblen. Membership groups exercise 'invidious comparison' whereby members of a higher class consume conspicuously to distinguish themselves from members of a lower class. Aspirant groups exercise 'pecuniary emulation' whereby members of a lower class consume conspicuously to be seen as members of a higher class. In both cases, both types of consumption represent the way an individual sees himself or herself through the eyes of other people, known as 'self-concept'. In this light, it is possible that there are particular products or brands favoured by particular groups within a society.

4.5. Self-Concept

The self-concept explains the individuals' self-image and their urge towards self-fulfilment (self-actualisation). This desirable self-image may never be fully realised but it will stimulate an individual to undertake tasks to improve himself through various means (Britt, 1976). However, it is also important to look at the self-perception that may explain why and/or how consumers are motivated by revealing how they view reference groups, salespeople, and competing brands, as well as how they choose to interact with these objects (Morales, 1999). As Britt (1970a) explained, "a consumer may buy a product because among other factors, he feels that the product enhances his own self-image. Similarly, a consumer may decide not to buy a product or not to shop at a particular store if he feels that these actions are not consistent with his own perceptions of himself." Therefore, consumers may be conceptualised as purchasing

products to symbolically communicate various aspects of their self-concepts to others (see Chapter 3, Section 3.2.3 p45). This then requires a need to relate the self-concept to product symbolism and product image congruence.

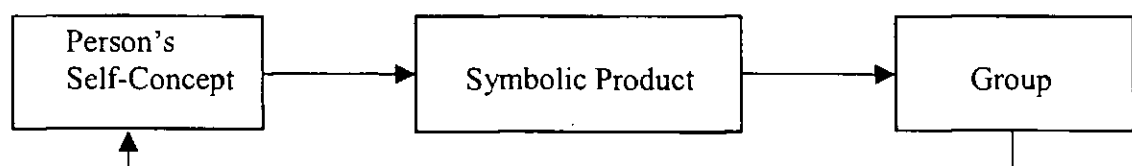
4.5.1. Self-Concept and Product Symbolism

The concept of product symbolism is that people seek products and brands that are compatible with what they think or want to be. Products are bought not only for their physical benefits but also to express the moods, feelings, and attitudes of consumers towards society (Levy, 1959). Thus, “products are symbols, and consumers’ personalities can be defined by the product they use” (Mowen and Minor, 1998).

4.5.2. Self-Concept and Product Image Congruence

The fundamental of image congruence is that a consumer tends to select products from retail outlets that correspond to his idea of self (Onkvisit and Shaw, 1987). There is a relationship between a person’s self-image and the image of the product he or she buys. This is especially so for cars (Birdwell, 1968; Grubb and Hupp, 1968; Jacobson and Kossoff, 1963; Sheth, 1967). The relationship between self-concept and the image congruence can be seen in Figure 4.1, which shows that it is possible to determine the influence that a symbolic product has on the person’s self-concept.

Figure 4.1. The Communication of Self to Others *via* Symbolic Product



The communication of “self” to others via a symbolic product can be described as a three-step process. Firstly, a consumer purchases a product that communicates his or her self-concept to the audience⁴. Secondly, the consumer expects that this will provide his or her audience with the desired perception of the symbolic nature of the product.

⁴ In this sense, the “reference group (membership and/or aspirant group)”.

Finally, the consumer expects that the audience will perceive him or her as having some of the same symbolic qualities as the product. This relationship, then, becomes the self-congruence. As a result, an individual's attitudes may change in a direction that reinforces his or her self-congruence. Thus, products, brands, or services likely to enhance self-concept are likely to attract favourable attitudes (Rosenberg, 1956). For example, the user image may often be strongly associated with the luxury car image (Wanke, Bohner, and Jurkowitsch, 1997).

Therefore, the basic premise of cross-cultural consumer behaviour should be concerned with the relationships of national culture perspective, the self-concept and brand image congruence, which then influence consumer choice behaviour (Chisnall, 1995; Roth, 1995; Schutte and Ciarlante, 1998; Morales, 1999).

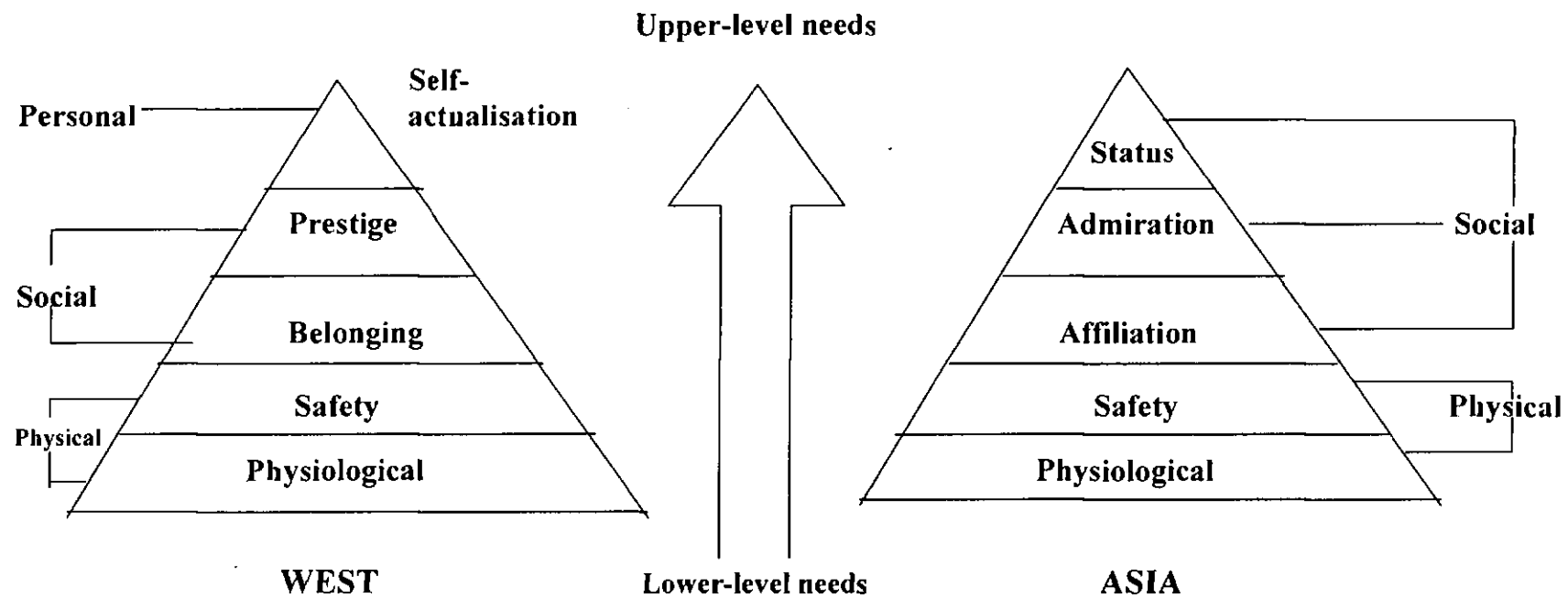
4.6. Cultural Differences and Consumer Behaviour: the UK and Thailand

One of the aims/objectives of this study is to answer the question:

“How do cultural differences between the UK and Thailand explain the difference in purchasing patterns of BMW and Mercedes and provide insights for brand marketing of the two luxury car marques?”

Maslow (1965) suggested that, when studying people's behaviour, it is primarily important to look at their needs. Mead (1998) points out that Maslow's stage model does not make clear what values are associated with each level in a particular culture. Especially in the case of level 5 (self-actualisation), it cannot be assumed that what promises a sense of achievement or security within, that is to say, culture A also motivates in culture B. As can be seen from the Maslow's hierarchy of needs and the Asian equivalent (Schutte and Ciarlante, 1998) in Figure 4.2, while the physical levels (physiological, safety) of Asia and the West are similar, stronger pressure is placed upon the consumer in Asia to conform to group norms than in Western societies. At all levels, above physical need, Asians are driven by social influences: affiliation, admiration, and status. The importance of gaining social recognition makes imperative that Thai consumers have to uphold “the status” as the ultimate of needs instead of respecting “self-actualisation” as the utmost personal need felt by UK consumers.

Figure 4.2. Maslow's hierarchy of needs (individual oriented) and the Asian equivalent (group oriented)



Source: Schutte and Ciarlante (1998, p93)

A review of Maslow's hierarchy of needs and the Asian equivalent follows.

4.6.1. Maslow's hierarchy of needs and the Asian equivalent

Although Maslow's theory has been widely used for almost fifty years (Kiel, 1999), his 'needs hierarchy' particularly describes individuals' needs in Western culture, specifically American culture (Schutte and Ciarlante, 1998). Maslow (1973) himself dismissed the question of cross-cultural transposability. However, this does not mean that Maslow's hierarchy is completely inapplicable in cross-cultural studies. It may require adaptation to the cultural context in order to describe in a different culture: (1) how a consumer moves up his own personal ladder of needs from the physical needs (safety, physiological) to social needs (belonging to prestige), and (2) if every consumer moves further up from the social needs to personal needs (self-actualisation) (Rowan, 1999; Solomon, 1996). In fact, Maslow (1965) himself argued for the distinction between 'the need for esteem from others' and 'the need for self-esteem' some years after the publication of his book *Motivation and Personality*:

"The difference between the need for esteem (from others) and the need for self-esteem should be made very clear in the final write-up. Make the differentiation sharply, clearly, and unmistakably. Reputation or prestige or applause are very nice, and are for children and adolescents even absolutely necessary before real self-esteem can be built up. Or to say it the other way about, one of the necessary foundations for self-esteem is respect and applause from other people, especially in the younger years. Ultimately, real self-esteem rests upon all the things mentioned above, on a feeling of dignity, of controlling one's own life, and of being one's own boss. Let's call this dignity." (Maslow, 1965, p45)

Rowan (1998) suggests that the need for the esteem from others is an ego-need, and that the ego can be heightened or lowered by the opinions of others. In this sense, people see themselves through the eyes of others. This means that this stage is about 'self-image' (the idealised pseudo-self, as Maslow called it) rather than the real self⁵. If one wants to move from the physical level of needs to the social level (to belonging and to prestige) of the hierarchy, one will have to play roles for other people's benefit. On the other hand, the second kind of esteem is the esteem we give to ourselves. It comes naturally and easily out of "one's own true inner nature, one's constitution, one's biological fate or destiny, out of one's real self rather than out of the idealised pseudo

⁵ Winnicott (1958) calls this the "false self" rather than what he calls the "true self".

self' (Maslow, 1987). This is where one moves further from the social level of needs (belonging and prestige) to the personal level of needs (self-actualisation). The necessity for the distinction between the two kinds (self-image and real self) was recognised by Alderfer (1972) in his research on business managers. He calls the former "esteem-interpersonal" and the latter "esteem-self-confirmed" (Alderfer, 1972). "The one belongs in the realm of relatedness, where we are dependent on social recognition and acceptance; the other belongs in the realm of growth, where it is more a matter of self-validation" (Alderfer, 1972). This means the social level of needs (belonging and prestige) equates esteem-interpersonal, whilst the personal level of needs (self-actualisation) equates esteem-self-confirmed further to the social needs. Furthermore, Schutte and Ciarlante (1998) explain that Asian consumers have high needs for esteem from others, while Western consumers are high in self-esteem.

For both Asian and Western consumers, there may not be much differences between their physical needs (physiological and safety). However, Schutte and Ciarlante (1998) suggest that what Maslow has identified as the social needs of belonging and prestige/esteem can be broken down into three levels: (1) affiliation, (2) admiration, and (3) status (see Figure 4.2). Although the needs for affiliation and admiration are very similar to Maslow's social needs of belonging and prestige, these two needs are of particular importance in collectivist cultures and may therefore be greater motivators in the East than in the West. It is the need for achievement in the top level of needs, status, which distinguishes Asian consumers from those in the West (Cleary and Shapiro, 1996; Daniels, 1982; Roberts, 1978). In comparison, in the West, the achievement need is related to both the socially directed prestige need and the personally directed self-actualisation need. Furthermore, people with achievement need in the West tend to be more self-confident, take calculated risks⁶ and have higher involvement (information seeking) with purchase decision (Schiffman and Kanuk, 1994), than those in Asia.

On the other hand, for the Asian consumer, achievement is a primary means of satisfying the social need for admiration from the peer group as well as status from society at large. The self-satisfaction that achievement brings to the Asian consumer is

⁶ In Hofstede's sense, this implies having lower degree of 'uncertainty avoidance'.

derived not only from providing a means of setting oneself apart from or above the group, but also from the social rewards in terms of status and acceptance that it brings: the esteem from others or idealised pseudo-self. Indeed, the emphasis on achieving independence, autonomy and freedom characteristic of the individualistic value system of Western cultures is visibly absent from Asian cultures (Lebra, 1976). Therefore, achievement in Asia is very much a 'socially directed' need in contrast to the 'personally directed' self-actualisation needs of Western consumers. In time, it may be the case that self-actualisation in Asian cultures may shift towards the personal, individual self-actualisation of the West.

4.6.2. Strategic Brand Concept-Image Management

Later work by Park, Jaworski, and MacInnis (1986) linking branding and consumer needs develops links between culture and consumer behaviour. In their normative framework-Strategic Brand Concept-Image Management, Park, Jaworski, and MacInnis (1986) assert that there are three types of brand images: functional, symbolic, and experiential images⁷. These images are based on the fulfillment of 'basic consumer needs'-problem solving and problem prevention (functional), group membership and affiliation (symbolic), and novelty, variety seeking, and sensory gratification (experiential). In this view, these consumer needs appear to be consistent with Maslow's (1954) need hierarchy. The functional brand image satisfies needs at physical level (physiological, safety) because it is designed to solve externally generated consumption needs. The symbolic and experiential brand images may satisfy needs at social or personal level because (1) symbolic brand image is *created to fulfill internally generated needs for self-enhancement, role position, group membership, or ego-identification*, and (2) experiential brand image is *designed to fulfill internally generated needs for 'cognitive' stimulation for pleasure*. It is most likely that these cultural dimensions determine if symbolic and experiential brand images should satisfy

⁷ Other brand marketing writers (e.g., Hankinson and Cowking, 1993; de Chernatony and McDonald, 1998; Lannon, 1999; Aaker and Joachimsthaler, 2000; Kapferer, 2000; Tybout and Carpenter, 2001) also share the important concept that brands are multi-faceted including 'functional', 'emotional', and 'image' (where image facet can either be symbolic or experiential). However, unlike Park, Jaworski, and MacInnis (1986) who term each of these facets as an 'image', they use other terms such as 'components', 'categories', 'dimensions', or 'attributes'.

consumer needs at social (belonging and prestige in the West and affiliation, admiration, and status in Asia) or personal level (self-actualisation in the West). The best marketing example is the ubiquitous Rolex and Louis Vuitton ownership mentality one sees from Asian brand-conscious consumers (Intarakomalyasut and Parnsoonthorn, 1999; Schutte and Ciarlante, 1998; Tyrre, 1993). In such a situation, brands play a role as symbols that extend well beyond the intrinsic features of the category. One is not buying a watch or even a status brand, one is buying a club membership (reference or aspirant group), or an “I am just like you” mentality. Thus, if brands are such powerful symbols it is not surprising to find very entrenched levels of ‘brand loyalty’. That is, consumers will continue to purchase products (brands), yet possess favourable attitudes toward competing products or brands.

4.6.3. Hofstede’s Dimensions of Culture

Since a national culture can be understood as an environment characteristic that influences consumer behaviour, Hofstede’s (1994) five dimensions of culture (individualism-collectivism, masculinity-femininity, power distance, uncertainty avoidance, and long term-short term orientation) can differentially affect consumer choice behaviour through the acquisition and use of symbolic goods and services. That is, the choice will be made throughout the degree of image congruence: measured by the similarity of self-concept to brand image. It is likely that each of the cultural dimensions will influence consumer choice behaviour in a different way (Roth, 1995). However, in the context of consumer behaviour in the UK and Thailand, a closer look at cultural value orientations and individual-level values suggests that the individualism-collectivism and uncertainty avoidance dimensions may be the most influential and relevant dimensions to explain cultural consumer perceptions of prestigious durables like luxury cars in the UK and Thailand.

4.6.3a. Hofstede’s Individualism-Collectivism

The individualism-collectivism dimension encompasses the way in which the self and group members are regarded as well as the interaction between them. Individualism reflects the extent to which a society regards the individual as its most fundamental component and the degree of acceptance of an individual’s satisfaction of his or her

own needs within collective groups. In other words, it is an aspect of culture that pertains to people's tendency to value personal and individual time, freedom, and experiences (Parsons and Shils, 1951). Thus, people tend to seek variety and hedonistic experiences. In terms of brand concept-image, cultures high in individualism seem well-suited for sensory images that emphasise variety, novelty, and individual gratification (Roth, 1995). On the other hand, collectivist societies consider not the individual, but the group, to be the most fundamental component of society. In such societies, people tend to value and follow their group. Therefore, in terms of brand concept-image, they will find social brand images that reinforce group membership and affiliation more attractive (Roth, 1995).

Table 4.1. Individualism Index Values⁸ (IDV) for Selected Countries

<i>Score rank (from 53 countries)</i>		<i>Country or region</i>	<i>IDV score</i>
High	1	USA	91
	2	Australia	90
	3	UK	89
	4/5	Canada, Netherlands	80
	6	New Zealand	79

Low	22/23	Japan, Argentina	46
	31	Philippines	32
	36	Malaysia	26
	37	Hong Kong	25
	39/41	Singapore ⁹ , Thailand	20

Source: Hofstede (1991, p53) Note: Hofstede does not indicate country scoring rank 40.

As Hofstede (1994) observes, there is a strong correlation between a country's national wealth and the degree of individualism. Hofstede's individualism index value (IDV) for 53 countries demonstrates that wealthy countries have high IDV scores and the

⁸ The statistical procedure used to identify the Individualism dimension on the basis of the 14 work goals produces a 'factor score' for the dimension for each country. These factor scores are a more measure of that country's position on the dimension than could be obtained by adding or subtracting question scores. The factor scores for the individualism dimension were multiplied by 25 and a constant number of 50 points was added. This puts all scores in a range from close to 0 for the most collectivist country to close to 100 for the most individualist one. (Hofstede, 1994)

⁹ Singapore is not included in Table 4.3 because its sales data was not available.

developing countries have low scores. Table 4.1 presents the IDV scores of the top 6 countries¹⁰ and relative position of Asian countries amongst the study of 53 countries.

The next section will depict the effect of the strength of ‘uncertainty avoidance’ in a society based upon its degree of individualism or collectivism, which will describe the link between national cultures, brand images, and consumer behaviour of luxury cars.

4.6.3b. Hofstede’s Uncertainty Avoidance

Uncertainty avoidance captures the culture of seeking stability, and ‘low stress’ rather than changes and new experiences. Basically, this is a reflection of the extent to which societal rules are so established that the need to deal with uncertainty is easily avoided. As Hofstede (1994) observes, unlike the individualism-collectivism dimension, the degree of uncertainty avoidance may vary in different countries.

Table 4.2. Uncertainty Avoidance Index¹¹ (UAI) Values for Selected Countries

<i>Score rank (from 53 countries)</i>		<i>Country or region</i>	<i>UAI score</i>
High	7	Japan	92
	26	Taiwan	69
	30	Thailand	64
	41/42	Indonesia	48
	43	USA	46
.....	
Low	46	Malaysia ¹²	36
	47	UK ¹³	35

Source: Hofstede (1991, p113)

¹⁰ Germany, France, Italy, and Sweden are not included in Tables 4.1, 4.2, and 4.3 because sales of German luxury cars in these countries are attributed to a fleet sector than a private user sector (Bowley, 1998; European Motor Business, 1995; Market Research Europe, 1996; Simonian, 1998).

¹¹ A mean score was computed for the answers of an equally composed sample of people from each country (say, 2.53 as the mean score for the sample from country X and 3.43 for country Y) or the percentage was computed of people choosing particular answers (say, 45% of the sample choosing answer 1 or 2 in country X and 33% in country Y). Thus, a table was composed of mean scores or percentages for each question and for all countries. (Hofstede, 1994)

¹² Note that Malaysia, though an Asian country, scores almost as low as the UK on uncertainty avoidance index values. This is probably because Malaysia was a British Crown Colony from 1826 to 1946 (<http://www.crwflags.com/fotw/flags/my-str.html#his>). Hofstede (1994, p12) notes that some cultural dimension of the coloniser may become integrated with cultural dimensions of the colony. Data show that the collectivist Malaysia and the individualist UK both are low uncertainty avoidance countries.

Hofstede's uncertainty avoidance index (UAI) values for 53 countries demonstrates that countries can have high or low UAI scores irrespective of their national wealth (see Table 4.2). Table 4.2 presents the UAI scores of selected countries with high scores and low scores against 53 countries. Predominantly, there can be four groups of countries: (1) weak uncertainty avoidance collectivistic, (2) strong uncertainty avoidance collectivistic, (3) weak uncertainty avoidance individualistic, and (4) strong uncertainty avoidance individualistic (see Figure 4.3). People in high uncertainty avoidance cultures are risk averse and have a low tolerance for ambiguity resulting in *high brand-name consciousness, brand loyalty, and a greater insistence on quality* (Schutte and Ciarlante, 1998). However, people in cultures high in both collectivism and uncertainty avoidance are more resistant to change and variety seeking resulting in the active use of reference groups and opinion leaders, group shopping, and slower acceptance of new products (Schutte and Ciarlante, 1998). Choice therefore is largely influenced by their group membership leading to the second hypothesis of this study:

H2 The effect of collectivist purchasing behaviour will be greater when cultural individualism is low than when individualism is high.

Hofstede (1994) and Roth (1995) also view this exposure to consumption as another aspect of 'modernity'. The extent to which consumers are exposed to Western, material-oriented consumption cultures will influence their attraction to specific products. The demonstration effect, a phenomenon in which poorer consumers buy symbolic and sensory products to identify with consumption societies to which they have been exposed (Keyfitz, 1982; Nurske, 1953), tends to be very robust. Therefore, it entices consumers in poorer or lesser-developed countries (e.g., Taiwan, Thailand, Indonesia, Malaysia) and even a developed country scoring high in uncertainty avoidance like Japan to purchase status and hedonic goods when functional ones would seem more appropriate (Keegan et al., 1987).

An evidence to support the effect of the strength of uncertainty avoidance in a society and its degree of individualism or collectivism is the fact that Mercedes are more expensive than BMW (for most comparable ranges and models) in both Thailand and the UK: however, the majority of Thais' luxury car purchases are Mercedes while in the UK customers' purchases of BMW outnumber Mercedes (JATO Dynamics; MAVEL, 1997; MIRA, 1997). Sales of the BMW and Mercedes from 1992 to 1998 can be seen

in Table 4.3. Similarly, the wealthy countries: USA, Australia, Great Britain, Canada, and New Zealand who score high in individualism and low in uncertainty avoidance purchased constantly more BMW than Mercedes. The lesser-developed countries mainly in Asia: Malaysia, Thailand, Taiwan, and Indonesia as well as the developed country in Asia, Japan, who all score low in individualism and high in uncertainty avoidance purchased constantly more Mercedes than BMW.

Therefore, the notion that goods have symbolic properties, which are used by individuals to convey meaning extends to a broad cultural level, at the group level through shared social meanings and at the individual level in the form of 'self concepts' and roles. This supports the postulation of Hofstede (1994) that "extreme collectivism and extreme individualism can be considered as the opposite poles of a second global dimension...". Especially in this study, it shows that the differences in luxury car purchasing behaviour of the two luxury car marques, BMW and Mercedes, and the differences in these cultural dimensions seem to be in congruence. That is, BMW outsells Mercedes in countries scoring high in individualism and low in uncertainty avoidance while Mercedes outsells BMW in countries scoring high in uncertainty avoidance and low in individualism. Therefore, it is possible to represent the luxury car purchase figures of the 11 countries in Table 4.3 in accordance with the uncertainty avoidance and individualism/collectivism dimensions diagrams created by Hofstede (1994), as illustrated in Figure 4.3.

Uncertainty avoidance in collectivist cultures seems to stem from one's value for security and conformity. In this sense, there could be high loyalty repeat purchase of Mercedes in countries like Japan, Taiwan, Thailand, Indonesia, and Malaysia most of which are high in both collectivism and uncertainty avoidance.

This may imply that there is a link between consumer needs (for functional, symbolic, and experiential benefits) and cultural dimensions. As outlined in Section 4.6.3a, individualism is an aspect of culture that pertains to people's tendency to value personal and individual freedom and experiences, whereas cultures that emphasise collectivism exhibit patterns of group or collective 'behaving'. It is possible that cultures high in individualism tend to seek variety and hedonistic experience, whereas

collectivist cultures will find symbolic brand images that reinforce group membership, admiration, and affiliation more attractive. It is, perhaps, the effects of collectivist or individualist buyer behaviour that determine choices between the two marques.

Table 4.3. BMW and Mercedes Car Registrations 1992 - 1998

BMW Registrations							
Country	1992	1993	1994	1995	1996	1997	1998
West							
USA	65,691	78,010	84,501	93,309	105,761	122,467	131,559
UK	40,672	40,921	45,574	55,034	56,840	63,734	64,160
Netherlands	n.a.	n.a.	10,067	9,641	10,805	10,684	12,011
Australia	4,765	5,380	7,270	7,891	7,902	9,000	9,300
Canada	4,520	4,528	5,241	5,245	5,725	7,117	7,701
New Zealand	1,515	1,602	1,764	1,964	2,302	2,335	3,000
Republic of Ireland ¹⁴	n.a.	n.a.	821	1,058	1,188	1,766	2,390
East							
Japan	28,532	25,809	29,046	34,426	36,317	36,489	33,476
Taiwan	9,027	8,332	11,457	n.a.	7,078	n.a.	n.a.
THAILAND	n.a.	6,705	6,711	4,877	3,419	2,279	1,009
Indonesia	n.a.	1,573	2,898	3,151	3,788	4,114	908
Malaysia	1,009	907	993	1,301	2,350	2,635	672
Hong Kong ¹⁵	n.a.	n.a.	n.a.	n.a.	n.a.	2,488	1,312
MERCEDES Registrations							
Country	1992	1993	1994	1995	1996	1997	1998
West							
USA	63,312	61,899	72,968	76,752	90,844	107,696	127,111
UK	22,425	21,186	29,186	32,694	35,813	42,530	51,972
Netherlands	n.a.	n.a.	10,427	10,333	11,383	12,055	14,858
Australia	4,000	2,909	3,517	3,697	4,716	8,039	8,000
Canada	3,221	3,246	4,003	4,255	5,033	5,703	6,017
New Zealand	0	0	1,000	1,000	1,195	1,139	2,000
East							
Japan	29,605	27,913	33,622	35,167	40,975	41,905	42,338
THAILAND	n.a.	10,081	10,754	8,251	7,053	6,292	1,469
Taiwan	8,152	11,281	14,274	n.a.	8,469	n.a.	n.a.
Malaysia	1,018	1,282	1,966	4,026	4,470	4,423	1,160
Indonesia	n.a.	919	2,883	3,936	3,829	5,198	1,444
Hong Kong	n.a.	n.a.	n.a.	n.a.	n.a.	1,825	4,427

Source: 1. Asian Automotive Industry Forecast Report (2000) 2. DTI (1995)
 3. <http://www.autostat.com> 4. <http://www.dr-ad.com/hkcase2.htm>
 5. Pemberton (1998; 1999) 6. Pugliese (2000) Note: Key: n.a. = not available

Note: Sales figures for the Philippines are omitted because they are all below 1,000 cars every year.

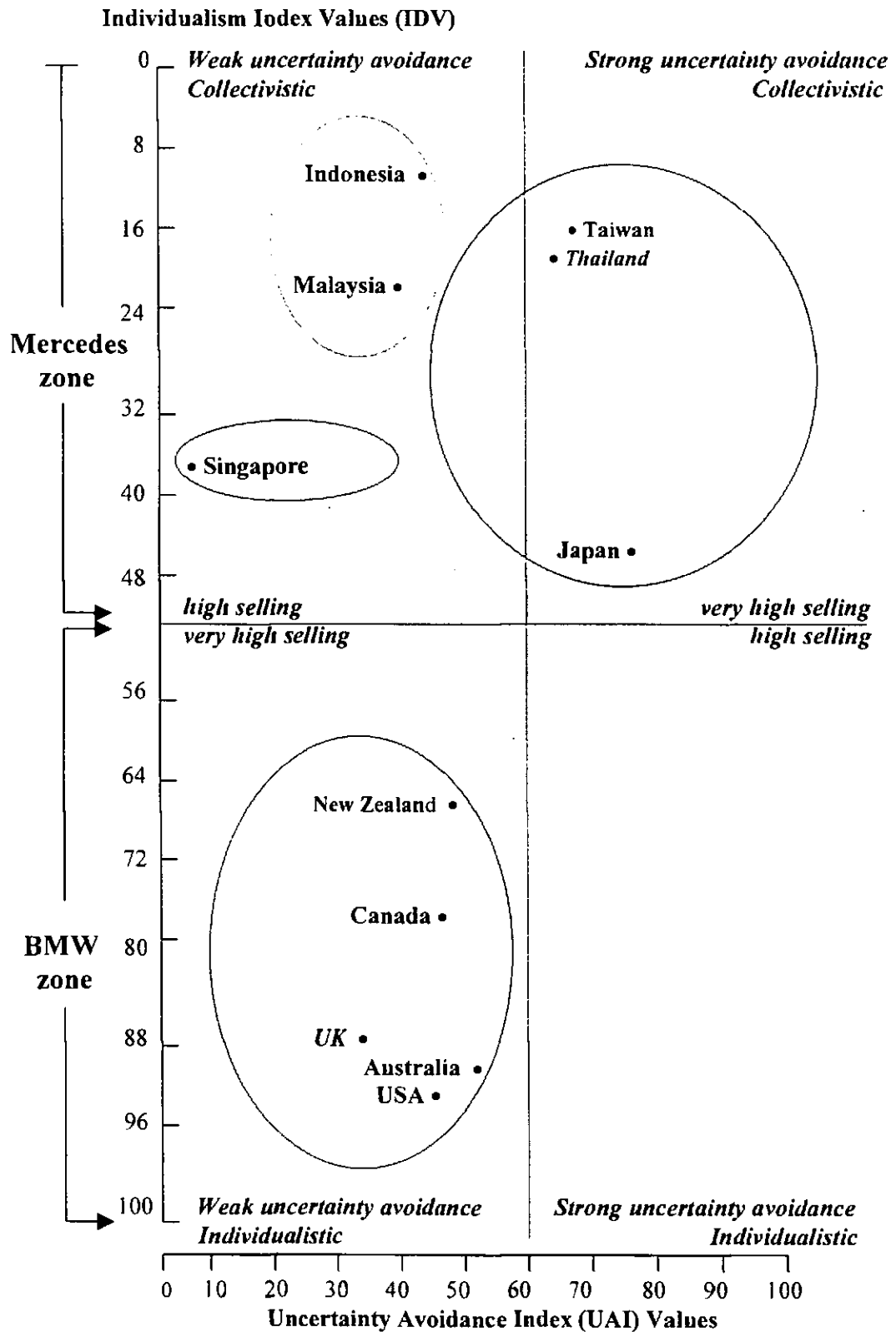
☐ Countries high in BMW selling and individualism, but low in uncertainty avoidance

☒ Countries high in Mercedes selling and uncertainty avoidance but low in individualism

¹⁴ Mercedes' sales figures for Ireland are omitted because they are all below than 1,000 cars every year.

¹⁵ Due to relatively insufficient data (only 1997 and 1998 are available), Hong Kong is excluded from Figure 4.3.

Figure 4.3. Uncertainty avoidance & individualism - collectivism dimensions and Mercedes and BMW high selling countries 1992-1998



Source: 1. Asian Automotive Industry Forecast Report (2000) 2. DTI (1995) 3. Hofstede (1994)
4. Pemberton (1998; 1999) 5. Pugliese (2000) 6. www.dr-ad.com/khcase2.htm

4.7. Summary

In this light, there is a linkage among brand images, cultural dimensions (individualism-collectivism and uncertainty avoidance), and market share in international markets. This chapter presented a conceptual framework, which may be used to explain a link between brand images, cultural characteristics, and consumer behaviour leading to the hypothesis:

H2 The effect of collectivist purchasing behaviour will be greater when cultural individualism is low than when individualism is high.

The sales pattern of the two marques in both countries shown in Table 4.3 and Figure 4.3 together with the literature review of culture supports the following:

Cultural differences are exhibited in purchases of new luxury cars.

The next chapter, therefore, deals with brand marketing and globalisation.

Chapter 5: Brand Marketing and Globalisation

5.1. Introduction

Chapter three provided an account of cultural influences on consumer behaviour and confirmed that cultural differences, particularly Hofstede's (1991) individualism-collectivism and uncertainty avoidance dimensions combined with individual's needs (as described by Maslow (1973) and Schutte and Ciarlante (1998)) shaped purchases of BMW and Mercedes cars in the UK and Thailand. Culture also influences the greater priority given to brands by Thai consumers, whereas UK consumers buy a combination of own-label as well as brands. Park, Jaworski, and MacInnis (1986) brand concept-image management was employed to explore the relationship between the two relevant cultural dimensions (individualism-collectivism and uncertainty avoidance) and buyer behaviour of the two car marques generating Hypothesis 2. A critical review of the literature on culture together with BMW and Mercedes sales figures reinforces the conclusion that cultural differences are exhibited in purchases of new luxury cars.

The purpose of this chapter is to review the significance of brand marketing in modern marketing and BMW and Mercedes brand marketing as a platform for their appeal to a global segment. It begins with a review of the advantages of brands to both organisations and consumers, a depiction of brand definitions and the three main components of a brand: functional, emotional, and image¹, in the cocktail of a brand's marketing. Lastly, the chapter identifies the core brand values of BMW and Mercedes, which have been recently reformulated and which act as the platform for their global and local marketing strategies.

¹ Many brand marketing writers (e.g., Park, Jaworski, and MacInnis, 1986; Hankinson and Cowking, 1995; de Chernatony and McDonald, 1998; Lannon, 1999; Aaker and Joachimsthaler, 2000; Kapferer, 2000; Tybout and Carpenter, 2001) share the important concept that brands have three components: 'functional', 'emotional', and 'image' (where the image facet can either be symbolic or experiential). Most of them use terms such as 'facets', 'categories', 'dimensions', or 'attributes' for these three facets interchangeably, except Park, Jaworski, and MacInnis (1986) who use the term 'image' for both functional and emotional facets.

5.2. Branding is at the Heart of Marketing

Branding began many centuries before the term brand acquired its modern usage. Modern branding and the use of individual brand names have their origin in the nineteenth century. A century later, the brand has been described as “the Cycle of Innovation ... for the late ‘90s and beyond” (Peters, 1997) for its significance extends far beyond a name, logo, or signal to the outside world that the product or service has been stamped with the trademark and imprint of the organisation. Brands embody intellectual property such as trademarks, patents, designs, copyright and these properties have been extended from fast moving consumer goods, to consumer durables, services and intermediate capital goods such as microchips. Furthermore, to the brands physical or functional attributes has been added a layer of intangible values, which have financial values to the organisation and emotional values to the consumer. Brands embody tangibles (e.g., product functional features and benefits) with intangibles (e.g., emotional or hedonistic desires and images), which in combination may increase customer loyalty, sales and form the platform for brand extensions or even diversification. Thus, the brand is at the heart of marketing, and branding and brand marketing have become the “holy grail” of marketing today (Goodyear, 1996; Lannon, 1999; Aaker and Joachimsthaler, 2000; Kapferer, 2000; de Chernatony, 2001).

Table 5.1 highlights abstracted from recent writings on branding of the advantages of brands for both firms and consumers. In sum, these advantages stem from continuous brand management of a cluster of tangible and intangible components to keep the brand salient and in tune with society and customer wants. Whilst the firm enjoys the financial advantages stemming from ownership of successful brands, customers consume the brand’s physical attributes as well as emotional or symbolic values. A brand is often used by a customer as a signal of personality. Brands are bought for what they mean and not for what they are. Brands are a means of acquiring distinction and difference. Consumers can construct an identity even a packaged lifestyle through the brands they buy and at the same time differentiate themselves in order to belong to a group or show the aspiration to join a group. Brands provide their users with confidence and act as a financial and psychological risk reducer.

Table 5.1. Advantages of Branding for the Firm and Consumer

FIRM		CONSUMER	
Advantages	Authors	Advantages	Authors
<p><i>Brand as a Legal Instrument</i></p> <p>Branding represents an investment and thus organisations seek legal ownership of title, as protection against imitators.</p>	<p>Craimer (1995), Kapferer (1995), Aaker (1996), de Chernatony and McDonald (1998)</p>	<p><i>Brand as Shorthand or Identification</i></p> <p>Branding can facilitate the way consumers process information about brands. Large amount of information can be built in the memory which, when fully informed, can be rapidly accessed through associations from brand names.</p>	<p>Jacoby, Szybillo, and Busato-Schach (1977), Brown (1992), Chevan (1992), de Chernatony and McDonald (1998)</p>
<p><i>Brand Equity</i></p> <p>Branding increases the stock market value because a strong brand has a beneficial effect on your relationships with all the major stakeholders in the business including the owners and employees.</p>	<p>Moran (1994), Eagle and Kitchen (1997), Leszinski and Marn (1997), Gad (2001),</p>	<p><i>Brand as Symbolism</i></p> <p>Brands allow the customer two social/psychological benefits: (1) to construct and maintain self-identity, and (2) to connect with other people ... Symbols are easy to buy because consumers can discriminate between brands vividly, in contrast to rational product evaluation, which is hard work and time-consuming. Therefore, people actively cooperate and collude in endowing products with symbolic and metaphoric meanings, because these meanings are useful in helping them to form habits.</p>	<p>Elliott and Wattanasuwan (1998), Lannon (1999), Kapferer (2000), de Chernatony and McDonald (1998)</p>
<p>Brand equity allows marketers to determine what differentiates their company's brands from other brands, both among users of the company's products and non-users and on both rational and emotional or aesthetic criteria. It is the creation of brand equity, which ultimately allows marketers to justify long-term investments in marketing strategy designed to enhance a product's value.</p>	<p>Gordon, di Benedetto, and Calantone (1994), Feldwick (1996)</p>	<p><i>Brand as Risk Reducer or Guarantee</i></p> <p>Customers perceive risk among several dimensions such as performance, financial, social, and psychological risks. Branding minimises customers' perceptions of risk along the dimensions that concern them.</p>	<p>Staveley (1987), Assael (1995), Schutte and Ciarlante (1998), de Chernatony and McDonald (1998)</p>
<p>Brand equity leads to price premium, satisfaction/loyalty, perceived quality, leadership/popularity, perceived value, brand personality, organisational associations, brand awareness, market share, market price and distribution coverage.</p>	<p>Dowling (1995), Aaker (1996), Amine (1998), Frost and Cooke (1999)</p>		

Table 5.1. Advantages of Branding for the Firm and Consumer (Continued)

FIRM		CONSUMER	
Advantages	Authors	Advantages	Authors
<p><i>Brand as Positioning</i></p> <p>Branding ensures customers instantly associate a brand with a particular or a few functional and hedonistic benefits.</p>	<p>Inskip (1995), Aaker (1996), de Chernatony and McDonald (1998)</p>	<p><i>Brand as Adding Value</i></p> <p>Branding creates added value that enables customers to make a purchase on the basis of superiority over competing brands. The value is in the eyes of the beholder, so it is relevant to the customers not just to managers.</p>	<p>King (1973), Hirschman and Holbrook (1982), Kapferer (2000), de Chernatony and McDonald (1998)</p>
<p><i>Brand as Personality</i></p> <p>Branding help sustain a brand's uniqueness in clothing it with emotional values, which users value beyond the brand's functional utility.</p>	<p>Bhat and Reddy (1998), Kapferer (2000), de Chernatony and McDonald (1998)</p>	<p><i>Branding as Practicality</i></p> <p>Brands allow savings of time and energy through identical repurchasing and loyalty.</p>	<p>Kapferer (2000)</p>
<p><i>Brand as Company (corporate branding)</i></p> <p>An organisation with a good corporate image and reputation can save advertising and marketing costs by linking the brand closely with the name of the parent company. One reason is because consumers tend to accept the corporation's promises about other offerings.</p>	<p>Shocker, Srivastava, and Ruekert (1994), Ambler (1995), Mosmans (1995), de Chernatony and McDonald (1998)</p>	<p><i>Brand as Optimisation</i></p> <p>Brands ensure that customers buy the best product in its category, the best performer for a particular purpose.</p>	<p>Kapferer (2000)</p>
<p><i>Brand as a Cluster of Values</i></p> <p>Branding help make the organisation's employees and consumers understand what values are particularly important for them.</p>	<p>Marconi (1994), Mihailovic and de Chernatony (1994), Hallberg (1995), Haigh (1997),</p>	<p><i>Brand as Characterisation</i></p> <p>Brands provide confirmation of the consumer's self-image or the image that the consumer presents to others.</p>	<p>Kapferer (2000)</p>
		<p><i>Brand as Continuity</i></p> <p>Satisfaction brought about through familiarity and intimacy with the brand that consumers have been consuming for years.</p>	<p>Kapferer (2000)</p>

5.2.1. Definitions and Characteristics of Brands

Brands therefore are cocktails of ingredients which when clearly communicated offer the opportunity to “speak” to customers and for customers to listen and draw out what they value from the brand. A review of definitions of brands under three themes, functional, emotional and image from different writers is presented in Table 5.2.

Table 5.2. Definitions of Brands

Definitions	Authors
FUNCTIONAL	
“A brand is a name, symbol, design, or mark that enhances the value of a product beyond its functional purpose.”	Farquhar (1989, p24)
“A brand can be defined as a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors.”	Kotler (1991, p442)
“A brand is a distinguishing name and/or symbol (such as a logo, trademark or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors.”	Aaker (1991, p7)
“A brand is a product or service made distinctive by its positioning, relative to the competition, and by its personality... Personality consists of unique combination of functional attributes (and symbolic values) with which the target consumer identifies.”	Hankinson and Cowking (1995, p47)
“A brand is simplified “shorthand” description of a package of value upon which consumers and prospective purchases can rely to be consistently the same (or better) over long periods of time. It distinguishes a product or service from competitive offerings.”	Mariotri (1999, p13)
EMOTIONAL	
“For practically all brands, there are three sorts of appeal; they are all inter-related and each brand has a different blend of the three – an appeal to the senses, an appeal to reason and an appeal to the emotion.”	Doyle et al. (1974, p229)
“In addition to functional benefits, the value proposition (of brand) can include emotional benefit, which relates to the ability of the brand to make the buyer or user of a brand feel something during the purchase process or use experience... Emotional benefits add richness and depth to owning and using the brand.”	Aaker and Joachimsthaler (2000, p49)

The functional facet of brands was the focal point of interest of traditional fast moving consumer goods marketers. Their brands solved problems and gave customers practical benefits (Douglas, 1992; Kotler, 1994; Mosmans, 1995). However, in the late twentieth

century in an age of technical parity and look alike products, it became increasingly more difficult to sustain a functional advantage (Lambin, 1997) and brands competing in the same category have become functionally more similar (de Chernatony and McDonald, 1998). Thus, brand functional elements alone proved insufficient to differentiate products and services. The key to differentiation and consumer choice became focused upon the emotional and image facets of brands.

In terms of the emotional facet, firms select brand personalities, which encompass the emotional values of the brand and fit the target consumers' lifestyle or self concept (Aaker, 1996; Belk, 1988; see also Chapter 3, Section 3.2.3a p45 and Chapter 4, Section 4.5 p58). Thus, brands become associated with certain types of people with certain occasions or emotional values.

Table 5.2. Definitions of Brands (Continued)

Definitions	Authors
IMAGE	
"A brand is the proprietary visual, emotional, rational and cultural image that you associate with a company or a product."	Pettis III (Brand Solutions) Cited in Mariotti (1999, p14)
"If there is congruity between a brand's image and the actual or ideal self-image of the user, then the brand is more likely to be used and enjoyed."	Sirgy (1985, p195-206)
"Often (brands) are associated with symbols, either socially extant or created by or for the advertiser ... the effort to differentiate the brand is psychologically rather than physically based."	Frazer (1983, p171)
"A brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant unique added values which match their needs most closely."	De Chernatony and McDonald (1998, p20)
"A brand has an image, which is what people think and feel about it: and those thoughts and feelings will not-cannot-be universally identical... The image lies in the mind of the beholder-and is conditioned at least as much by the nature of the beholder as by the nature of the object itself."	Bullmore (1984, p235-238)
"A brand name is more than the label employed to differentiate among the manufacturers of a product. It is a complex symbol that represents a variety of ideas and attributes. It tells the consumers many things, not only by the way it sounds (and its literal meaning if it has one) but, more important, via the body of associations it has built up and acquired as a public object over a period of time."	Gardner and Levy (1995, p35)
"A brand is not a product. It is the product's essence, its meaning, and its direction, and its identity in time and space."	Kapferer (1992, p11)

To sustain the emotional facet, the image facet of brands has become increasingly important for both the firm and consumer (Park, Jaworski, and MacInnis, 1986; Safavi, 1996; de Chernatony, 2001). The image facet can either be 'symbolic' needs or 'experiential' needs (Park, Jaworski, and MacInnis, 1986). Symbolic needs are desires for products that fulfill *internally* generated needs for self-enhancement, role position, group membership, or ego-identification (Sirgy, 1985). Experiential needs are defined as desires for products that provide sensory pleasure, variety, and/or cognitive stimulation (Hirschman and Holbrook, 1982). Because both the firm and consumer are active in differentiating themselves (see Table 4.1 p60), the linkages between the brand and consumer exist at three levels: (1) individual level - individual purchaser's self-concept and identity, (2) group or membership level - national level culture to individual to society, and (3) marketing level - brand communications to the consumer. At the individual level, a brand image performs a function of product image and user image. The product image has two components: the product attributes and the product benefits (Keller, 1999). Product attributes are the features and specifications of the physical product or service, while product benefits are the satisfaction derived by the users. Consumers would purchase products with attributes and benefits that enable them to perform some role and to support, enhance, or give definition to their self-concept (see Chapter 3, Section 3.2.3a p45 and Chapter 4, Section 4.5 p58).

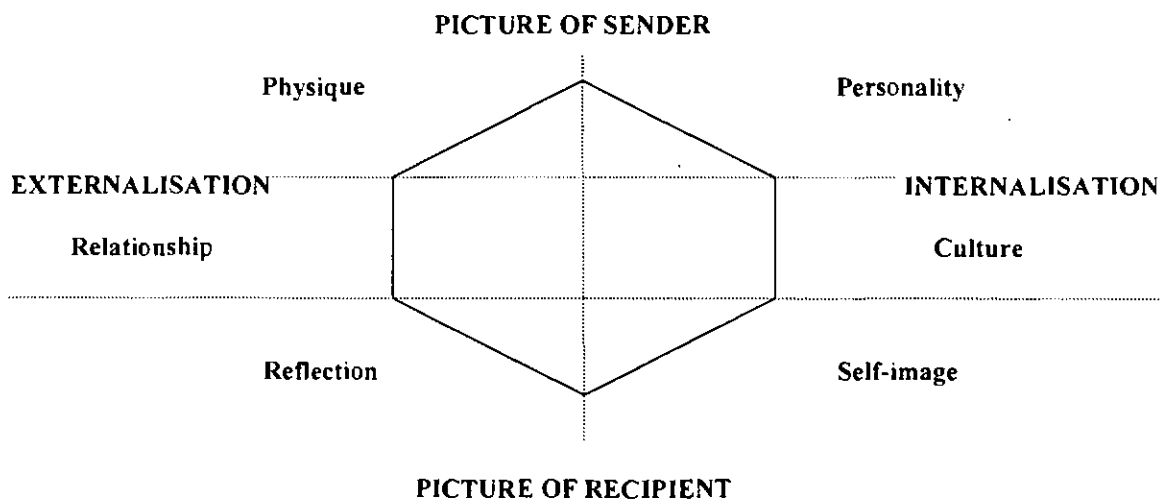
At group or membership level, consumers are seeking satisfaction for social needs. An important attribute of the object is the brand. Consumers purchase brands that are consistent with their self-concept or the image of themselves and 'also' are means of communicating their self-concept to others. In this sense, the people the consumers interact with largely influence the image of brands: people with different personalities or images would use different brands, and those who share similarities in their personalities and images would also share the same brands. As described in Chapter 4 (see Sections 4.4 and 4.5 p57-58), the development of individual self-identity is linked with the development of collective social identity. This implies that, brands become part of the culture of the society, and each member of group or society (either high or low in collectivism and uncertainty avoidance, for example) can make a statement about his or her status through the use of brand images.

At the marketing level, brand image performs a function of projecting or communicating a clear position and enhancing value of the brand for the firm. The brand image derives substantially from the way a brand is advertised and from the contents of the promotional messages or price and packaging the firm or supplier decides to transmit. The point is that: (1) the firm uses the image facet (symbolic or experiential) to differentiate the product, and (2) the consumer selects the product with the image that is most in tune with his/her desires. Brand image therefore helps the consumer gain identity. In this respect, brand identity is not a falsely contrived image – something simply made up by advertising men, but a creative transformation and expression of the entity itself (Elliot and Wattanasuwan, 1998).

5.3. The Operation of Brand Marketing

The operation of the functional, emotional, and image facets of brands can be illustrated by ‘the identity prism’ devised by Kapferer (2000), as presented in Figure 5.1. Figure 5.1 shows six facets, which define the identity of a brand as well as the parameters within which it is free to change or develop. These facets are interrelated and form a well-structured entity. Self-image or concept is composed of multidimensional characteristics of brand, which includes physical (functional facet) as well as personality (emotional and image facets) attributes and interacts with the various roles an individual must take on. As described in Chapters 3 (Section 3.2.3a p45) and 4 (Section 4.5 p58), although self-concept is highly complex, it is well organised and works in a consistent way. It guides the psychological functioning of an individual by helping to maintain the consistency within an individual. In the prism, the reflection facet helps the self-image facet organise and guide processing of self-related as well as other information like the brand’s culture (product, brand, and corporate images). This brand’s culture may be internalised by ingredients of marketing or communication mixes. The emerging congruence between the consumer’s self-image (including identity and packaged lifestyle) and brand’s culture will then build the relationship with brand in a ‘repertoire’ of brands.

Figure 5.1. Kapferer's Brand Identity Prism



Source: Kapferer (2000, p100)

In this view, the impact of symbolic product meanings on consumer decision-making is thus mediated by the self-concept, perhaps, regardless of the particular product symbol itself. A brand cannot exist if it does not communicate. Because symbolism and image are important tools in advertising and can affect purchase decisions primarily when they connote an association with the self, self-concept can be expected to play a central role in influencing advertising effectiveness. As a result, products, brands, or advertising can be expected to be accepted or rejected based on how they fit with the existing self-concept structure.

5.4. Core Values Lie at the Heart of Brand Marketing

The key to create a consistent image at every point of contact with the customer self-concept is to establish core brand values. This is to ensure that the firm's staff understands and lives up to its 'core values' (a combination of product, brand, and corporate images) and that these are communicated in a clear and consistent way to the target customer (Goodyear, 1992; Mihailovic and de Chernatony, 1994; Miller and Berry, 1998; Martin, 2000). The core brand values are a means for the organisation to encapsulate its promise to its customers (Light, 1998).

What is important, and what core brand values can help to achieve, is that on those occasions and for those purposes where the brand is a contender against alternatives, the core values tip the balance of consumer choice. Core brand values involve a clear picture of brand characteristics, the mix of all the attributes and benefits derived from all brand facets that culminate in a representation of what the brand has to offer to the customer. Different brands including corporate brands offer a different cocktail of functional, emotional and image facets for existing and potential customers.

Luxury Car Branding

Cars are the twentieth century's product par excellence. As Tadashi Kume, President and Chief Executive Officer, Honda Motor Co Ltd, addresses to The International Federation of Automotive Engineering Societies congress:

"While transportation is its function, the automobile means much more in today's society. There is a relationship – almost a human relationship – between the automobile and the people who use it. The automobile not only serves our transportation needs, it also reflects our individual tastes, desires, emotions, feelings and lifestyles. In fulfilling these roles, the automobile has become an extension of ourselves. The automobile has become *humanistic* ... to produce a humanistic automobile, we must have a humanistic system (from the engineer's role in designing the product to the production associate's role in manufacturing the product)." (Ashley, 1999, p2).

Traditional marketing managers and their successors have long recognised that cars are more than a means of transportation. As the aviation and automotive engineering veteran and marketer Boyne describes in his book "Power Behind the Wheel":

"Humanity recognized in the automobile a signal to launch a period of unprecedented expansion, prosperity, individual fulfillment ... A curious aspect of the automobile has been the manner in which men and women of all countries view it – not in terms of need, but of desire ... cars escaped the utilitarian mode, becoming instead a statement about the owners themselves." (Boyne, 1993, p8)

Cars have been endowed with a complex cocktail of functional, emotional, and image facets formulated and maintained by marketers in order to attract and retain customers. The functional facet includes extrinsic, utilitarian, tangible product's attributes, such as cars' superior performance, comfort, quality, and resale value, which benefit the consumption that is 'cognitively' driven (Strahilevitz and Myers, 1998) (also see Chapter 3, Section 3.2.1 p42). In addition, luxury cars offer numerous opportunities to appeal to the consumer's emotion. Not surprisingly, customers treat luxury cars as

objects of beauty, passion, and desire (Kapferer, 2000). The emotional facet includes attributes that appeal to the feelings or emotions, which benefit affective consumption (Hirschman and Holbrook, 1982) such as cars' elegance and beauty driving consumer's desire to purchase. The image facet includes intrinsic, symbolic, psychological, intangible product's attributes, which the consumer considers to be important for evaluation purposes (Patterson, 1999). This facet can either be symbolic or experiential. The symbolic image involves 'user image/imagery', which can be based on either actual users (people using the brand) or idealised users (as portrayed in advertising) (Aaker, 1996; Keller, 1999) (also see Chapter 3, Section 3.2.3b p46). For example, Mercedes is reputable for its quality and has been used by highly successful people, and thus become an icon of prestige and status. The experiential image is connected with 'usage imagery', which is compiled by the consumer through either direct experience or exposure to advertising and promotion, packaging, and even through observation of what kind of people use the brand and the occasions and situations in which the brand is used. For example, BMW is reputable for its performance and become an icon of sportiness and exclusivity – the ultimate driving machine for driving experience.

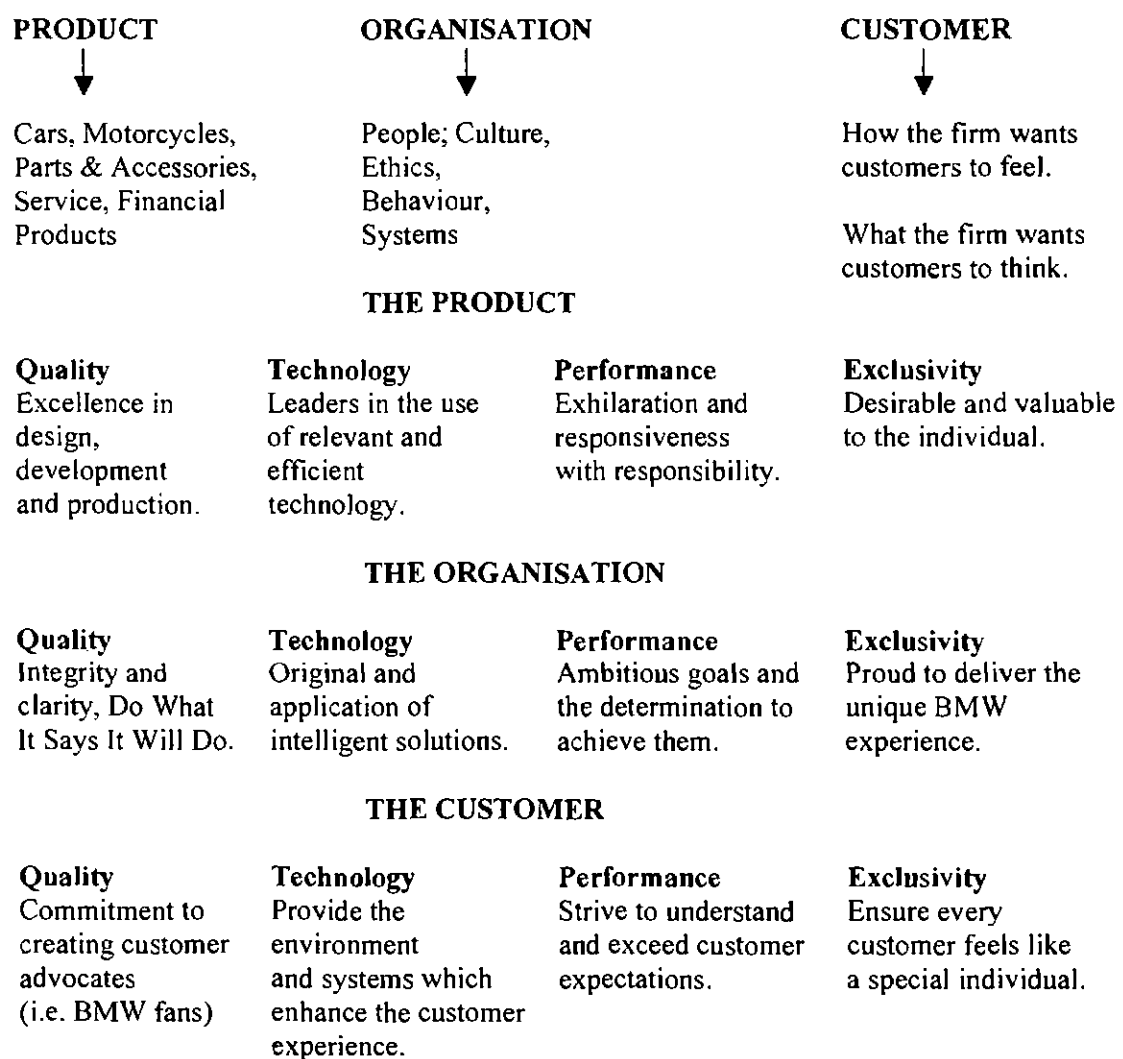
Luxury cars epitomise a society's tastes, values, and aesthetic preferences. From the look, feel, and touch of the car to the actual driving experience, cars provide rich sensations and strong feelings. They stimulate customers' thinking and may affect their actions, and therefore help them to define themselves. In this view, luxury car firms are not selling just a product. They are selling a whole complex of feelings or emotions and associations and experiences primarily under the corporate brand and then the model. Different cars have different images and each car has the corporate or core brand values behind its image, and thus it is difficult for one to imitate another. As Von Kuenheim, an ex-BMW's chairman put it, "BMW flourishes by selling to people who feel they are flaunting their affluence less ostentatiously and more intelligently than if they were driving similarly priced cars of other makers ... Building luxury cars and a luxury image requires more than scissors and glue. Just because Toyota and Nissan are introducing cars that look like BMW and Mercedes doesn't mean they will succeed as we have" (Baldwin and Fuhrman, 1989, p1). Core brand values are key to success for luxury car brand marketing. Both BMW and Mercedes have recently reformulated their core brand values in order to maintain their salience in the face of changing

consumer desires and used these as a platform for marketing communications. Both companies cultivate their core brand values internally and externally to their global target segment across their entire product line. Customers buy the brand values first and then the model.

BMW Core Values

BMW has a “core programme” that ensures consistent understanding and application of its core brand values (quality, technology, performance, and exclusivity to deliver driving experience) throughout the entire organisation (including workforce, processes, control, customers, external, brand, and sales channel) (BMW (GB) Limited, 1998), which pervades all of its external activities and contacts

Figure 5.2. Maximising the BMW Core Brand Values



Source: BMW (GB) Limited (1998)

The core values that are firmly and clearly established enables BMW to improve its understanding and easily relate its meanings to marketing mix. This includes an ability to identify areas within the model where BMW can achieve the most positive effect and act upon it. These areas are product, organisation, and customer (presented in Figure 5.2). Figure 5.2 shows that the brand values encompass the 'product', the 'organisation', and the 'customer'. Quality, technology, performance and exclusivity underpin BMW cars, corporate organisational values, the marketing and service mix and contacts and relationships with customers. The important point is that, when traditional cars' differentiators such as performance, efficiency, comfort, and quality are converging image and what the brand stands for make the difference in an ever increasingly competitive environment.

Mercedes Core Values

Mercedes brand values are more complex than BMW's. There are two main sets of values: (1) 'culture', and (2) 'performance', each of which is composed of certain elements (<http://www.mercedes-benz.co.uk>). Mercedes culture is composed of six elements:

- (1) *Innovation* (a challenging style that encourages creativity and calculates risk-taking in the pursuit of ever higher goals, whilst learning from this experience);
- (2) *Openness* (transparency in the way it works and communicates: honesty and integrity in all its relationships);
- (3) *Teamwork* (capitalizing on diversity and cooperation across boundaries throughout the entire enterprise, from its suppliers to its dealers);
- (4) *Agility* (constantly alert and receptive to change: swift to adapt);
- (5) *Inspiration* (establishment of a work environment that inspires high individual and team performance); and
- (6) *Customer Focus* (exceed customer expectations with a passion for delivering superior products, quality, and service). (<http://www.mercedes-benz.co.uk>)

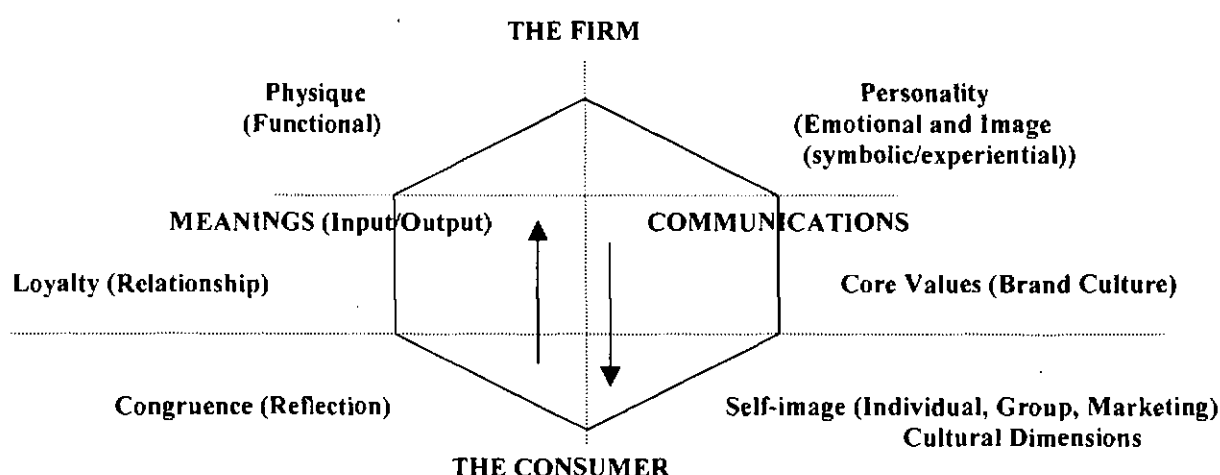
Mercedes performance is composed of five elements:

- (1) *Quality* (a commitment to establishing benchmark quality in everything it makes and does);
- (2) *Excellence* (a passion for producing great automotive and transportation products and services);
- (3) *Responsibility* (a commitment to enhance the quality of life and the environment in the communities and societies it serves);
- (4) *Speed* (in converting great ideas into market-leading products and series); and
- (5) *Profitability* (generating world-class profits to reward shareholders and to ensure future growth and vitality in good times and bad). (<http://www.mercedes-benz.co.uk>)

The core brand values of Mercedes reformulated in 1996 to maintain salience are present in the marketing mix. The culture and performance values identified have enabled Mercedes to offer premium products, with equipment people wanted, at a price that buyers 'perceived' as offering good value placing Mercedes amongst the world's top ten global brands.

Figure 5.3 illustrates some lessons for branding derived from applying Kapferer's brand identity prism to the example of BMW and Mercedes. It highlights the need to maintain a car brand continuously with the goal of ensuring that brand cultures remain clear, and up-to-date, and that there must be a connection between the product and consumer cultures. This connection will create, maintain, and nurture the congruence or reflection between the consumer and the brand. Being asked for their views on certain car brands, people would spontaneously reply in terms of the brand's perceived client type.

Figure 5.3. Customised Kapferer's Brand Identity Prism



Source: Adapted from Kapferer (2000, p100)

In relation to BMW's core brand values shown in Figure 5.2 (p85), BMW's product/physique values are excellence in design, technology, and performance. This combination of salient objective attributes form the core brand values and identity contributing to the consumers' brand association. BMW's communications focus on brand image, attributes, and benefits and the car is positioned as "The Ultimate Driving Machine" (Watkins, 1994) reinforced by a sense of individuality and exclusivity.

Where the combination of a largely tangible representation and to a lesser degree intangible representation reflects self-image of the customer, a relationship is established. Therefore, BMW's core brand values and identity form the platform for marketing and communications.

In contrast to BMW, Mercedes' core brand values (p86) are culture and performance, which translates into brand culture and personality as in Figure 5.3. Mercedes encompasses a broader range of physical qualities and aims to exceed customer expectations by superior products and service. The intangible elements including innovation, openness, and customer focus establishes a personality and forms a broader platform to attract wider group of customers. Mercedes, therefore, offers a broader and deeper combination of both salient objective and subjective brand associations than BMW. Consequently, these attributes potentially offer a relationship that is wider and deeper than BMW.

5.5. The Significance of Brand Marketing to Globalisation

A literature review of globalisation and global marketing (e.g., Alden, Steenkamp, and Batra, 1999; Goodyear, 1996; Levitt, 1983; Phau and Prendergast, 2000; Quelch and Hoff, 1986) indicates that what makes a global brand is one that:

- is basically the same product or service everywhere with only minor variations;
- has the same brand essence, identity, and values;
- uses the same strategic principles and positioning; and
- employs the same marketing mix as much as possible.

According to this definition, to become a global brand depends upon the product class and cost, and frequency of purchase. For example, Coca-Cola and McDonald's are two of the best examples of global fast moving consumer goods brands. For consumer durables, car manufacturers are global corporate and product brands, which have penetrated most of the two hundred or so countries in the world. Cars are virtually standardised products subject to mandatory changes to meet local conditions such as emission standards, tyre dimensions, and driving wheel side. These are minor

functional changes, which are unlikely to cause any emotional and image effects. Above all, car manufacturers like BMW and Mercedes have achieved economies of scale, message consistency, and the ability to attract common cross-national market segments through the use of global, standardised marketing programmes. They offer 'standardised' products with 'global positioning' and 'global advertising' based on the brand's core values (as described in Section 5.4) to appeal to a global segment, particularly the rich, as there is usually a segment of comparable wealth that desires luxury cars such as the UK and Thailand (see Chapter 2, Section 2.6 p34). BMW and Mercedes communicate their core brand values worldwide and benefit from this because: (1) they have had time to build a strong corporate identity, image, and reputation (Campaign, 1994; Gelsi, 1996; Watkins, 1994), and (2) their consistent advertising builds brand familiarity and keeps the brand salient (functional, emotional, image) among consumers (Light, 1998).

Mercedes has incorporated its core brand values into a "Brand Expression" programme to convey the same statement (of its traditional heritage and innovation) to global consumers over the years (Ludlow, 2001). BMW has won the 1994 Grand Prix of the Advertising Effectiveness Awards, organised by the Institute of Practitioners for its emphasis on core brand values (quality, technology, performance, exclusivity) and appeal (the Ultimate Driving Machine) which has been built on with great consistency over 15 years (Watkins, 1994).

The point is that global advertising of BMW and Mercedes are centred on their core brand values (as described in Section 5.4 p82-88). BMW and Mercedes core brand values are global.

Global core brand values, as a result, have universal appeal. There will be a global luxury car consumer segment within each market that is similar to the segment that responds to other luxury brands like Rolex, Louis Vuitton, and Gucci. Furthermore, whilst there exists a global product, global marketing, and image standardisation via uniform advertising throughout the world justified by increasingly similar lifestyles, media, and consumer behaviour, there is also a 'local' interpretation due to national differences in consumers, cultures, socio-economic conditions, or market structures (as hypothesis 3 was confirmed in Chapter 4, see Section 4.6.3 p65-71). The consumer

puts his/her own interpretation on the marketing mix drawing out what is most meaningful and valuable to him/her subject to his/her reference group, self-concept, and national culture. Thus, paralleling the growth of global segments is the emergence of local segments, with shared sets of consumption-related symbols (product categories, brands, consumption activities, and so forth) that are meaningful to segment members. This is reinforced by the firms' price (e.g., premium prices for prestige segment), advertising, and promotion and distribution

5.6. Summary

This chapter has demonstrated the significance of branding in marketing and to globalisation. Luxury cars display substantial homogeneities in markets and segments internationally. The point is that global success depends upon local success. Global segment is vital, but so is the local perception of the brand. The next step following the literature review will be primary fieldwork and data collection relevant to the hypotheses set. However, prior to such empirical research, the literature of research design and methodology is reviewed in Chapters 6 and 7.

Chapter 6: Introduction to Research Methodology and Thesis of Study

6.1. Introduction

This chapter presents the methodological considerations to be taken into account when studying consumer purchase decision making and cultural differences. Methodology for a study specifies what information is to be gathered, from where, and what methods of data collection and analysis are to be employed. In order to select appropriate research design and methods for this study, this chapter looks towards a directional focus for this research. It allows to select research methodologies for this study whether it should be “positivist epistemology or positivism” or “phenomenology”, as each of which dominates the research methodology literature and both are widely used in business research (Saunders, Lewis, and Thornhill, 2000). The methodologies selected characterise the nature of the relationship between theory and research and whether theory guides this research (a deductive approach) or whether theory is an outcome of this research (an inductive approach). The characteristic of the research design will help in considering whether it should be causal (true experimental, quasi-experimental and action, or ethnographic), exploratory (observations, focus groups, interviews), and/or descriptive (questionnaire survey) research design. The research design selected then dictates research strategies (qualitative and/or quantitative) and methods for data collection and analysis to be employed for this study.

This study employed both positivist and phenomenological research methodologies to reflect the multi-faceted nature of reality. Positivism was used because it is a scientific approach, which includes testing of hypotheses. Phenomenology was used because it allows to recognise the limitations of a given perspective: it allows to see how situations and problems can be tackled in different ways allowing new kinds of solutions to emerge. This study had two characteristics: it primarily used a largely deductive approach and to a lesser degree an inductive approach. The deductive approach was used because it provided clarity about what is to be studied: theories and hypotheses deduced from it come first and drive the process of gathering data. The inductive approach was used because it placed an emphasis on the ways in which the findings were fed back into the selected theories and/or concepts and the findings

associated with a certain domain of enquiry. The study also used both qualitative and quantitative research strategies. Methods of qualitative data collection undertaken include observation, focus groups, and face-to-face interviews, whilst quantitative data collection method is by questionnaire survey. Thus, the research design is exploratory followed by a descriptive design. The qualitative data will be content analysed whilst quantitative data will be, after elementary statistical analysis, factor and discriminant analysed. Finally, this chapter states the objectives, hypotheses, and theoretical concepts underlying this study.

6.2. Selecting Research Methodologies

One of the first issues that impinges on the conduct of research is to consider if the methodology of a research should be “positivist epistemological or positivism” or “phenomenological” (Burrell and Morgan, 1979; Daft and Wiginton, 1979; Gill and Johnson, 1991; Morgan, 1986; Woodruffe, 1996). These research methodologies suggest why particular research activities are chosen and why it was felt that they were the ones most likely to achieve the research aims. Positivism is widely used by business researchers because it deals with scientific approach particularly “the testing of theories” (Gill and Johnson, 1991, p132). However, the primary emphasis of positivism is placed on observable phenomena “with any reference to the intangible or subjective being excluded as being meaningless” (Gill and Johnson, 1991, p132). Positivism is based on knowledge being obtained through “our neutral and passive registration of various sensory inputs” (Gill and Johnson, 1991, p134). There is a long-standing debate about the appropriateness of the natural science model for the study of society (Bhaskar, 1989). The main concern is how to identify the best route to achieving a ‘scientific approach’. Thus, researchers nowadays also use another methodology in conjunction with positivism, which is “phenomenology”.

Phenomenology attempts the ‘interpretive’ understanding of social action in order to arrive at a causal explanation of its course and effects (Daft and Wiginton, 1979; Weber, 1947). It considers many complex dimensions in the same study. This thesis is an investigation into consumer behaviour towards the purchase of new luxury cars (two

luxury car marques – BMW and Mercedes) in two culturally distinct countries – the UK and Thailand. Information and data were collected from a number of car owners. Chapter 4 has demonstrated that purchases of the two car marques in the two culturally distinct countries. In a methodological context, this is essentially a social phenomena where groups of people get together for an agreed collective purpose (to purchase new luxury cars). There is recognition in the literature that an effective research methodology must reflect the multi-faceted nature of reality (Burrell and Morgan, 1979). Thus, the phenomenological approach has a major advantage over the “positivist” methodology as identified by Morgan (1986, p337) “people who learn to read situations from different (theoretical) points of view have an advantage over those committed to a fixed position.” It allows researchers to recognise the limitations of a given perspective: they can see how situations and problems can be tackled in different ways allowing new kinds of solutions to emerge. In contrast, the real issue of using positivism lies on how to ensure that the objectivity of the research is robust and reflects the reality. Cooper and Emory (1995) suggest that this goal can be achieved by following a rigorous research design process. Chapter 7 (The Customised Research Design of the Study) will consider in detail the route map, research design and process for this study.

A literature review of research methodology (Burrell and Morgan, 1979; Daft and Wiginton, 1979; Hirschman and Holbrook, 1986; Gill and Johnson, 1991; Elliott, 1994; Woodruffe, 1996) suggests that ‘good research uses the scientific method’. Hirschman and Holbrook (1986) suggests that phenomenology has a key role, but not isolated, in developing understanding of the consumer. Elliott (1994) asserts that “the positivist practise of scientific marketing research cannot cope with such a constructed reality and is likely to produce superficial knowledge rather than meaningful understanding”. In this light, it is reasonable to employ a combination of a positivist epistemological and phenomenological methodology¹. More than one research nature (deductive and inductive), design (exploratory and descriptive), strategy (qualitative and quantitative),

¹ Developing this methodology is consistent with the “hypothetico-deductive” approach as suggested by Gill and Johnson (1991, p32), which emphasises that what is important is science is not only the sources of the theories and hypotheses that the scientist starts out with, but also it is the process by which those ideas are tested and justified that is crucial.

and methods (observations, focus groups, interviews, and survey) will be employed to warrant the science of this study.

The remainder of this chapter will delineate these interconnections.

6.3. Relating Research Methodologies to Nature of the Research

A key decision to research design is which should come first, the theory or the data. The deductive versus inductive debates what methods the researcher should use (Gill and Johnson, 1991). In a deductive research, the researcher starts with some theory (or theories) or hypothesis (or hypotheses) about the nature of the world and seeks to confirm or not to confirm it. An advantage of this approach for the researcher is that there is initial clarity about what is to be studied. Theory and hypothesis deduced from it come first and drive the process of gathering data (Theory → Hypothesis → Data Collection → Analysis → Findings → Hypothesis confirmed or rejected → Revision of Theory. While the study might be fast and efficient, a disadvantage is that the results may be trivial.

In an inductive research, the researcher starts from the opposite direction from deduction. It involves induction, as the researcher infers the implications of his or her findings for the theory that prompted the whole process (Glaser and Strauss, 1967). The findings are fed back into the selected theory (or theories) and the research findings associated with a certain domain of enquiry.

For many writers (e.g., Burrell and Morgan, 1979; Daft and Wiginton, 1979; Gill and Johnson, 1991; Morgan, 1986; Woodruffe, 1996), deductive and inductive research differ with respect to research methodological foundations. Indeed, if taking the areas that have been the focus of the previous and this sections – considerations for the two research methodologies as well as the connection between theory and research – deductive and inductive research can be taken to form two distinctive clusters of research nature (the conduct of research). Thus, deductive research can be construed as a research nature that has incorporated the practices of the natural scientific model and positivism in particular. In contrast, inductive research can be construed as a research

nature that places an emphasis on the ways in which individuals interpret the social world. In this view, this study uses primarily a largely deductive approach and to a lesser degree an inductive approach.

6.4. Relating Research Nature to Research Design

Churchill (1991, p127) defines a marketing research design as “the framework or plan for a study used as a guide in collecting and analysing data. It is the blueprint that is followed in completing a study”. Thus, a research design ensures that the study will be relevant to the research context and will employ appropriate procedures (Churchill, 1991; Frankfort-Nachmias and Nachmias, 1992). In the field of marketing, there are three main classifications of research design: causal, exploratory, and descriptive designs (Aaker and Williams, 1998; Chisnall, 1997), which are outlined next.

6.4.1. Causal Research Design

Causal research is used to obtain evidence of cause-and-effect (causal) relationships. Causal research is appropriate for the following purposes:

- “1. To understand which variables are the cause (independent variables) and which variables are the effect (dependent variables) of marketing phenomenon.
2. To determine the nature of the relationship between the causal variables and the effect to be predicted.
3. To test hypotheses.” (Malhotra and Birks, 2000, p84)

Malhotra and Birks (2000) describe that, in a causal design, “the causal or independent variables must be manipulated in a relatively control environment (one in which the other variables that may affect the dependent variable are controlled or checked as much as possible. The effect of this manipulation on one or more dependent variables is then measured to infer causality”. This means that research methods for causal design are “deductive” in nature. The main methods of causal research include true

experimentation, quasi-experimentation or action research, and ethnography². These methods all require field environment (e.g., actual market condition or consumer space), participants (e.g., the firm and consumer), and the researcher (which may observe and/or acts on the research). Thus, causal research design has limitations of 'time', 'cost', and 'administration'.

The aim of this study is not to examine causality but rather to explore and describe customer perceptions of new luxury cars in the UK and Thailand. Thus, it is not feasible to employ a causal design for this study: it would require greater time and cost to conduct a causal research and complete within the time anticipated. For example, it would be difficult to obtain sufficient number of new BMW or Mercedes car purchasers or owners and in a control led environment (either field or laboratory) in order to study the contribution of group or social influences on purchases of the two car marques.

6.4.2. Exploratory and Descriptive Research Design

After a review of the literature on business and marketing research procedures (e.g., Lazer, 1974; Churchill, 1991; Kervin, 1992; Aaker and Williams, 1996; Frankfort-Nachmias and Nachmias, 1996; Chisnall, 1997), it was decided that exploratory and descriptive designs are appropriate for this study.

An exploratory research design is concerned with identifying the real nature of research problems and of formulating relevant hypotheses for later tests (Churchill, 1991; Ghauri et al., 1995; Selltiz et al., 1976). Malhotra and Birks (2000) suggest that exploratory research could be used for the following purposes:

- to formulate a problem or define a problem more precisely;
- to identify alternative courses of action;
- to develop hypotheses;
- to isolate key variables and relationships for further examination;

² For details on (1) true and quasi experimental and ethnographic research designs in marketing or consumer behaviour research, see Malhotra and Birks (2000), and (2) action research design in marketing research, see Gronhaug (1999).

- to gain insights for developing an approach to the problem;
- to establish priorities for further research.

In this study, exploratory research will serve to achieve part of the first objective of this study, which is to answer:

“What distinguishes a luxury car?” – It has been shown that this is a complex issue – involving a multifaceted – subjective and objective factors approach. Hence, there is a need to develop: (a) a clarification and definition of luxury cars, and (b) a luxury car price concept/range (see Section 6.5.1 p104).

A critical review of the literature on consumer behaviour, and especially of car/luxury car, branding, and culture in Chapters 3 to 5 leads to the overall propositions that consumer purchase decision making of luxury cars is associated with consumer behaviour theories, cultural characteristic and brand marketing. The buyer purchase decision of luxury cars is complex and extends needs and wants from the individual's ‘rational-decision making’ of economic theory³ to individuals’ attitudes both in terms of (1) individuals’ needs and wants, and (2) individual's relationship with society-reference group membership aspiration and broader culture (as seen in Chapters 2 and 3 and brand marketing in Chapter 4). The interactions of groups and personal behaviour, the interrelationships between attitudes and behaviour, and the effects of culture on consumption form up, in part, the combination of influences, which surrounds patterns of consumption. The key objective of this study is to explore, identify, and clarify factors underlining consumer behaviour in the luxury car market.

The emphasis of this study seeks to explain different purchasing patterns of BMW and Mercedes in the UK and Thailand. A review of the methodological literature indicates that qualitative research methodology can be appropriate for such a comparative study (Malhotra and Birks, 2000; Silverman, 2000). In particular, Pawle (1999) asserts that the values of qualitative research to a study of cross-national businesses are threefold

³ The typical assumption is that a consumer is rational in his/her decision-making pursuing the goal of ‘the maximisation of utility’. Consumers will buy those quantities of products where the ‘marginal utility’ (additional satisfaction from consuming one more unit) per £'s worth of any one product equals the marginal utility per £'s worth of any other product for a given period of time (Douglas, 1992). Consumers gain satisfaction from the consumption and that they seek to maximise satisfaction within the limitations of income in relation to a given set of prices. *However*, all of us always act in response to motives (Rescher, 1988). We are always moved to what we do by *desires* and *wants*. Thus, one's intention to act or not to act for a particular object is not only based on a process for the maximisation of utility, but also a more static influence such as *perception*.

(Pawle, 1999). First, it helps to understand components or characteristics of the studied brands. Second, it helps to understand social and cultural differences in different markets in which the brands are operating. Third, and as a result, it helps to identify and explore both firms' and consumers' needs.

The qualitative data collection and analysis used in the exploratory phase in this study is described next.

6.4.3. Exploratory Research Using Qualitative Data Collection and Analysis

Howe and Eisenhart (1990) describe that deductive reasoning is common in qualitative research along with content or holistic analysis in place of statistical analysis. To maximise the benefits from qualitative research, researchers need to ensure that they use variations of appropriate methods to provide optimum solutions to specific research (Pawle, 1999). Thus, the exploratory research in this study used qualitative data generated by observation, focus group, and face-to-face interview techniques, which are outlined in Sections 6.4.3a(i), 6.4.3a(ii), and 6.4.3a(iii) respectively.

6.4.3a. Qualitative Research Techniques

During an exploratory stage of research, a cross-sectional data collection design is usually considered appropriate (Chisnall, 1997; Churchill, 1991). A cross-sectional design requires the collection of data from a particular respondent or group of respondents at one point in time, and thus exhibits considerable advantages over longitudinal approaches, especially in terms of time and budget constraints. Therefore, observation, focus group, and semi-structured interview techniques were employed with different samples "one time only", known as "multiple cross-sectional design".

6.4.3a(i). Observation

Malhotra and Birks (2000) describe that observation involves recording the behavioural patterns of people, objects, and events in a systematic manner to obtain information

about the phenomenon of interest. The observational methods may be structured or unstructured, direct or indirect, and conducted in a natural or a contrived environment (Rust, 1993). The primary objective in the exploratory phase of this study was to identify and establish a set of attitude variables of new luxury car buyers and to examine any association with their buyer purchase decisions. Thus, it was decided to use unstructured, direct observation (at the London Motorshow 1997) to obtain luxury car attributes as perceived by dealers and customers (see Appendix 3 for detail).

6.4.3a(ii). Focus Groups

The focus group is a preferred method for this study because it is commonly used by researchers in car buyer behaviour (e.g., Brown et al., 1987; Rosecky and King, 1996) and marketing research (e.g., Gardner, 1984; Johansson and Nonaka, 1987; Peter, 1978; Russo and Leclerc, 1994). For example, Brown et al. (1987) and Rosecky and King (1996) convened focus groups of owners of luxury cars to establish a common meaning for certain car oriented features⁴ to be used in their survey questionnaires. Therefore, for this study, focus groups were held to explore luxury car owners' key perceptions, attitudes, and behaviour, and to enrich understanding of the findings from the quantitative structured questionnaires in this study.

6.4.3a(iii). Face-to-Face Interviews

"An interview is a conversation directed to definite purpose other than satisfaction in the conversation itself" (Chisnall, 1997). Qualitative interviews with industry experts and individuals who are knowledgeable about the firm and the industry can help obtain in-depth knowledge of the studied firm and industry effectively and economically in terms of time and cost (Armstrong, 1991). Thus, the aim of employing face-to-face interviews in this study was to allow dealers of BMW and Mercedes in the UK and car dealers and car owners of the two marques in Thailand (see Chapter 7 Section 7.3.3 p118) to describe their viewpoints on the car attributes and images from their own perspective and in their own language. For example, the interviews with luxury car

⁴ Rosecky and King (1996) achieve common definition of prestige, luxury, comfort, quality, styling, reliability, performance, status, romance, safety, value, ease of operation, handling, and durability.

customers and interviews with a BMW dealer staff at London Motorshow 1997 reflected characteristics of the questionnaire respondents to determine the common meaning for certain car features. The definitions of car characteristics obtained from the interviews were then content analysed (see Chapter 7, Section 7.5 p123 for detail) and compared with definitions found in car literatures (e.g., market data and magazines). As a consequence, this will provide the basis for the selection of the samples.

6.4.3b. Analysis of Qualitative Data

A review of the various methods available for analysis of qualitative data indicates three main tools. These are protocol analysis⁵, process analysis⁶, and content analysis⁷. Amongst these three analytical techniques, content analysis is suggested to be particularly appropriate for classifying textual material by reducing it to more relevant, manageable bits of data (Weber, 1990). However, the central problems of content analysis originate mainly in the data-reduction process by which the many words of texts are classified into much fewer content categories (Weber, 1990). There are various computer software packages (e.g., NUD*IST, AQUAD, ATLAS/ti, CAQDAS, HyperRESEARCH, and ZyINDEX) available to perform this analysis (Catterall and Maclaran, 1998), but because the sample size and narrowness of the qualitative data they have not been employed. However, information or data collected from the interviews and focus groups will be content analysed *manually*, using guideline from Shye, Elizur, and Hoffman⁸ (1994), to identify patterns and explore possible relationships. These relationships were then used as a framework in the analysis of the quantitative data generated in Thailand and the UK.

⁵ For details on protocol analysis, read: Anderson and Potter, 1998; Countiss and Tilley, 1995; Griggs 1987; Jones, 1985; Sampson and Bahaduri, 1987.

⁶ For details on process analysis, read: Dyer, 1993; Kettinger and Teng, 1998; Pitt, 1998; Suchan, 1995.

⁷ For details on content analysis, read: Kolbe and Burnett, 1991; Kassarian, 1977.

⁸ Their guideline is found useful in a wide variety of the behavioural sciences and has offered new insights in specific domains such as management, marketing, and attitude research. For this study, it helps to obtain data by analysing the content of the qualitative research. Particularly, it helps summarise qualitative data for further quantitative analysis.

The previous section outlined the different qualitative research techniques and method of analysis used in this study. The descriptive phase of the study is outlined next.

6.4.4. Descriptive Research Using Quantitative Data

6.4.4a. Quantitative Data Generation Method: Questionnaire Survey

A descriptive research design is concerned with the frequency of occurrence or association between two or more variables (Chisnall, 1997). Descriptive designs are most frequently used to determine consumers' perceptions of product or service characteristics, and to determine the degree of identified influences on those perceptions (Malhotra and Birks, 2000). Accordingly, a descriptive research will serve to achieve two objectives of this study, which are:

- (1) to develop a consumer purchase decision making framework – by generating data on key perceptions, attitudes, and behaviour of BMW and Mercedes car owners and dealers in the UK and Thailand;
- (2) to answer “How do cultural differences between the UK and Thailand explain the difference in purchasing patterns of BMW and Mercedes and provide insights for brand marketing of the two luxury car marques?”;

The information/data derived will be used in conjunction with the qualitative data from observation, interviews, and focus groups to obtain “data triangulation” (Denzin, 1970). Data triangulation has been advocated by many researchers (e.g., Webb et al., 1981; Easterby-Smith, Thorpe, and Lowe, 1991; Colgate, 1998; Abernethy et al., 1999). It is an approach where both qualitative and quantitative methods of investigation are employed to increase the robustness of the findings. This should provide a meaningful interpretation of findings. Therefore, by combining the two designs, three advantages emerge:

- (1) qualitative research facilitates quantitative research – *methodological triangulation*;
- (2) quantitative research facilitates qualitative research – *data triangulation*;
- (3) qualitative research may facilitate the interpretation of relationships between different variables – *analytical triangulation*.

In this view, whilst the qualitative methods (observation, face-to-face interviews and focus groups) will be used to identify significant variables and establish a linkage between those variables, the subsequent quantitative phase of the research will confirm

which of those variables are most significant and study the linkage on how the variables operate. A literature review of quantitative methodology in marketing (e.g., Chisnall, 1997; Hooley and Hussey, 1995; Marketing, 1998) and quantitative studies of consumer behaviour in cars (e.g., Britt, 1970a; Rosecky and King, 1996) indicates that a structured questionnaire method is the most suitable data generation method for the main phase of this research. Thus, the important variables found in qualitative research (focus groups and face-to-face interviews) were fed into a structured questionnaire, which allowed the use of different techniques e.g., ranking a list of values and rating values on a Likert-type scale.

6.4.4b. Quantitative Data Analysis

The questionnaires were coded and the resulting data analysed using SPSS (Statistical Package for Social Sciences). A review of the research methodology literature indicated a variety of univariate, bivariate, and multivariate (Bryman and Cramer, 1994; Malhotra, 1996) types of data analysis, which were appropriate for the analysis of the survey in the UK and Thailand. Amongst these, a review of literature in the field of consumer behaviour research (e.g., Cheung, 1999; Peterson, 1994; Steenkamp and Baumgartner, 1998) suggested that a standard analytical procedure like Principal Component⁹ and factor analysis¹⁰ can be used to identify underlying factors, especially to group new car buyers on the relative emphasis they place on different car attributes (Malhotra and Birks, 2000). Furthermore, a review of the cross-national consumer and marketing research literature (e.g., Durvasula et al., 1993; Hui and Triandis, 1985; Joreskog, 1971; Netemeyer et al., 1991; Steenkamp and Baumgartner, 1995; 1998) indicated a general agreement that the factor analysis model represents the most powerful and versatile approach to testing for cross-national measurement invariance. Further, this study investigates customer perceptions of two luxury car marques in two countries. A review of the cross-cultural research literature especially a comparative study of two countries (e.g., Grunert and Scherhorn, 1990; Munson and McIntyre, 1979; Soutar et al., 1999) indicates that discriminant analysis can be utilised to achieve

⁹ Principal Component Analysis is an approach to factor analysis that considers the total variance in the data.

¹⁰ Factor analysis is "a general name denoting a class of procedures primarily used for data reduction and summarisation" (Malhotra and Birks, 2000, p577).

clear and meaningful results. The 'two-group' discriminant analysis¹¹ was considered to be the most appropriate for such a study (Green et al., 1997; Malhotra and Birks, 2000; Soutar et al., 1999; Utsch et al., 1999). Accordingly, factor analysis and discriminant analysis are utilised in this study.

This leads to the research design customised for this study, which will be discussed in detail in the remainder of this chapter. The remainder of this chapter will present the thesis of the study including the objectives, hypotheses, and theoretical concepts and models relevant as a framework for this study, followed by the summary of this chapter.

6.5. Thesis of the Study

Chapters 2 to 5 established the broad parameters for the research methodology. The conceptual framework employed to test the hypotheses of this study should be seen as a sophisticated integration of the various cultural/social, individual (customer perceptions), and marketing influences on consumer choice in luxury cars. The following section depicts the backbone of the thesis including the objectives and hypotheses of this study.

¹¹ Typically, the discriminant analysis model involves linear combinations of the following form:

$$D = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + \dots + b_k X_k$$

where

D = discriminant score

B_i = discriminant coefficients or weights

X_i = predictor or independent variable (Malhotra and Birks, 2000, p553)

The coefficients or weight (b) are estimated so that the groups differ as much as possible on the values of the discrimination function. This occurs when the ratio of between-group sum of squares to within-group sum of squares for the discriminant scores is at a maximum. Any other linear combination of the predictors will result in a smaller ratio.

6.5.1. Objectives of the Study

This study aims to answer two questions:

- (1) What distinguishes a luxury car? – It has been shown that this is a complex issue - involving a multifaceted – subjective and objective factors approach. Hence, there is a need to develop: (a) a clarification and definition of luxury cars, and (b) a luxury car price concept/range, to identify (c) customers' profile, and to explore (d) consumer purchase decisions;
- (2) How do cultural differences between the UK and Thailand explain the difference in purchasing patterns of BMW and Mercedes and provide insights for brand marketing of the two luxury car marques?.

6.5.2. Hypotheses of the Study

The review and synthesis of the academic literature and car data presented in Chapters 1 to 4 helps identify four theoretical concepts and models relevant as a framework for this study. They are: (1) Fishbein Behavioural Intention Model (1967), (2) Maslow's hierarchy of needs (1965; 1987), (3) Park, Jaworski, and MacInnis Strategic Brand Concept-Image Management (1986), and (4) Hofstede's Cultural Dimensions (1984a; 1984b; 1988; 1991; 1994) which together helped to formulate the three hypotheses of this study.

6.5.2a. Fishbein Behavioural Intention Model

Fishbein distinguishes between attitude towards an object and attitude towards behaving in some way with respect to an object, e.g., purchasing it. However, attitudes towards a product (and the salient belief items) may be quite different to attitudes towards purchasing or using a product (Wilkinson, 1998). For example, most car buyers may have a favourable attitude towards some luxury cars, but may lack the 'purchasing power' and/or 'intention' to take buying action. Most customers 'love' luxury saloons or sports cars, but the majority of them would not buy these cars. Hence, there can be discrepancies between attitude and purchase. Intention is, therefore, postulated to incorporate these additional forces to the extent to which the buyer anticipates them (Bettman, Luce, and Payne, 1998; Britt, 1979; 1995; Engel,

Blackwell, and Miniard, 1990; Fishbein and Ajzen, 1975; Lapersonne, Laurent, and Le Goff, 1995; Roberts and Lattin, 1991). However, intention cannot be tested on its own. Fishbein suggests, if the aim is to consider behavioural intention such as intention to purchase, then the relevant *attitude* (and consequently *beliefs* and *evaluation measures*) needs to relate to the behaviour not just the object (Fishbein and Ajzen, 1975; Wilkinson, 1998). There can be two directions for attitude and behaviour relationship due to product dependent (specific) and time related factors. At one time, attitude follows behaviour in fast moving consumer goods (Brown, 1950). While at other times, behaviour follows attitude (Bagozzi, 1989; Chisnall, 1985; Fishbein and Ajzen, 1975; Sheth, 1974; Yi, 1989) in high-involvement and durable products (Kalwani and Silk, 1982; Morrison, 1979; Pickering, 1981) like cars¹² (Lapersonne, Laurent, and Le Goff, 1995; Rosecky and King, 1996) (see Chapter 3, Section 3.2.2 p43). This study used Fishbein's (1975) behavioural intention model because of its emphasis on high-involvement and durable products. Thus, the first hypothesis can be formulated:

H1 Buyer attitude is related to buyer intention which influences buyer behaviour.

6.5.2b. Maslow's Hierarchy of Needs, Park, Jaworski, and MacInnis Strategic Brand Concept-Image Management, and Hofstede's Cultural Dimensions

One of the main aims of this study is to draw significant comparisons between car owner perceptions of new luxury cars in the UK and Thailand in order to draw some insights into purchasing patterns for new luxury cars in different cultures. It is important to investigate the cultural impacts at three levels including individual, group, and society. The theoretical concepts and models that can be employed as a framework to explain the linkage amongst brand images, cultural values/characteristics, and market share in international market are Maslow's hierarchy of needs (1965; 1987), Park, Jaworski, and MacInnis Strategic Brand Concept-Image Management (1986), and Hofstede's Cultural Dimensions (1984a; 1984b; 1988; 1991; 1994).

¹² Cars are high involvement products in all aspects: high interest, high symbolic value, high hedonic value, high risk, high search costs, and thus high expected returns (Lapersonne et al., 1995).

Although the theory of hierarchy of needs concluded that people were motivated by what he referred to as self-actualisation - the desire to reach one's full potential as a human being - Maslow (1965) argued that there was a distinction between "the needs for esteem from others" and "the need for self-esteem". The need for esteem from others is about 'self-image' or "idealised pseudo-self" rather than the 'real self'. It is where one wants to move from the physical needs level (physiological and safety) to social needs level (belonging and prestige), one has to play roles for other people's benefit. The need for self-esteem is about one's real self, where one moves further from the social needs level to the personal needs level – the self-actualisation. For both Asian and Western consumers, there may not be much differences between the physical needs (physiological and safety). However, the need for achievement in the top level of needs – status - distinguishes Asian consumers from those in the West (Cleary and Shapiro, 1996; Daniels, 1982; Roberts, 1978; Schutte and Ciarlante, 1998). In comparison, in the West, the achievement need is related to both the socially directed prestige need and the personally directed self-actualisation need (see Chapter 4, Figure 4.2 p61). Furthermore, people with achievement need in the West tend to be more self-confident, take calculated risks¹³ and have higher involvement (information seeking) with purchase decision (Schiffman and Kanuk, 1994), than those in Asia.

In this sense, there also is a need to examine the linkage amongst brand image concept and cultural factors in new luxury car purchases. A review of key components of brands- *functional*, *symbolic*, and *experiential*- specified in the strategic brand concept-image management proposed by Park, Jaworski, and MacInnis (1986) suggests that there might be differences in consumer preferences for brand images across cultures (see Chapter 4, Section 4.6.2 p64). Hofstede's influential work based on a survey of executives in MNCs (in 1981) yielded a cross-cultural value system, which identifies five dimensions of culture (individualism, power distance, uncertainty avoidance, masculinity, long-term orientation) that can be related to consumer needs and brand imagery. These dimensions may have influences on customers' specificity, attitude, and the decision making process (the purchase decision) (Samli, Still, and Hill, 1993; Shutte and Ciarlante, 1998). Amongst the five dimensions, the relevant important dimensions for this thesis are "individualism-collectivism" and "uncertainty avoidance"

¹³ In Hofstede's sense, this implies having lower degree of 'uncertainty avoidance'.

(see Chapter 4, Section 4.6.3 p65). The point is that consumers in the West tend to seek variety and experiences and may consume brands for their experiential benefits, and not to follow social norms but make decisions and initiate behaviours independent of others (Gregory, 1997; Schutte and Ciarlante, 1998). Furthermore, these implications are consistent with descriptions of relationships involving societies and individuals as proposed in the need hierarchy of Maslow's (1954) and its Asian equivalent of Schutte and Ciarlante (1998).

As consumer behaviour is strongly influenced by culture and Asian culture is distinctly different from western culture¹⁴, it is expected that Asian consumer behaviour may be different from that in the West (Gregory, 1997; Schutte and Ciarlante, 1998). Another hypothesis is formulated.

H2 The effect of collectivist purchasing behaviour will be greater when cultural individualism is low than when individualism is high.

The sales pattern (see Chapter 4, Table 4.3 p70) together with the literature review of culture reinforces the conclusion that:

Cultural differences are exhibited in purchases of new luxury cars.

A critical review of the relationship between the theoretical concepts or models, and the hypotheses in this section identifies needs for primary research in the UK and Thailand.

6.6. Summary

The research methodology of this study is a combination of positivism and phenomenology and nature of the research is composed of both deduction and induction. The research design of this study comprises two phases: exploratory and descriptive phases. The exploratory research design is used to: (1) define the research problem more precisely, and (2) develop research questions and hypotheses. The

¹⁴ Hellmut Schutte (1998) states that "... Asian societies are fundamentally collectivist, meaning that the rights of the individual are subordinated to those of the group. This is considered necessary in order not to disturb social harmony. Such thinking, grounded in Confucianism, Buddhism and Islam, contrasts sharply with western individualism." (Schutte, 1998, p2). The effect of the collective orientation of all the Confucian-influenced markets in Asia is evident in qualitative research (Lee and Green, 1991; Ralston et al., 1995; Robinson, 1996).

exploratory phase uses qualitative data generated by observation, focus groups, and face-to-face interviews to develop: (1) a set of attitude variables held by luxury car owners in the UK and Thailand towards BMW and Mercedes car marque, (2) identify relevant cultural values/characteristics of each country and to examine the strength of association with buyer behaviour, and (3) a definition of a luxury car and its characteristics. The hypotheses developed via exploratory research will then be statistically tested using descriptive research. The descriptive phase uses quantitative data generated by structured questionnaire to achieve: (1) a confirmation of findings from the qualitative research, and (2) identification of the underlying factors in consumer purchase decisions for BMW and Mercedes together with a profile of the most valued attributes for these cars as perceived by their owners and manufacturer dealers. The exploratory research is not only the initial step, but also it follows descriptive research. That is, qualitative data from the focus groups and interviews will provide more insights to help understand descriptive data from the questionnaire survey. This is known as data triangulation, which will be used in research design, data collection, and analytical stages in this study.

Following this overview, the detailed research methodology selected for this thesis is presented in Chapter 7.

Chapter 7: The Customised Research Design of the Study

7.1. Introduction

Chapter 6 outlined the purpose of the exploratory and descriptive research phases including research techniques and methods of analysis. The objectives of the study and underlying theoretical concepts were depicted and hypotheses were stated (see Section 6.3 p94). This chapter deals with the detailed research methodology customised for this study. It provides the route map, research design and process. It outlines the qualitative and quantitative research, sampling, and analytical techniques used and explains their differences in the descriptive stage in Bangkok and London. It delineates the research methods employed to confirm the hypotheses of this study. Finally, it states the expected outcomes, contribution, and conclusions of this thesis.

7.2. Research Design

A careful review of research methodology in the cross-cultural consumer research literature in Chapter 6 indicates that research dealing with consumers in different countries should employ a variety of methods (e.g., Aaker and Maheswaran, 1997; McCracken, 1986; 1988; 1990; Pawle, 1999). Both qualitative and quantitative researches were employed in this study to entail the proactive seeking-out of information/data that already existed, which might be useful in the data analysis, planning or control of research activity. The qualitative research included 3 techniques: (1) observation, (2) face-to-face interviews, and (3) focus groups, whilst the quantitative research used 'questionnaire surveys' in Thailand and the UK. Table 7.1 details the research design for meeting the declared objectives of this study. It shows the main study phases, research method, data obtained, and appropriate analytical tools employed. The overall pictures of the research design of this study are illustrated in Figures 7.1, 7.2, and 7.3.

Table 7.1. Research Design of the Study

SECONDARY	OBJECTIVE	INFORMATION / DATA	ANALYTICAL TECHNIQUE
Academic			
Reviewing the academic literature mainly on consumer behaviour, car/luxury car buyer behaviour, branding, culture, and research methodological techniques (see Chapters 3, 4, 5, 6)	<ul style="list-style-type: none"> - To draw a structure of consumer behaviour of luxury cars - To develop a platform for further research and methodologies 	<ul style="list-style-type: none"> - The theoretical concepts underlying consumer behaviour of luxury cars (including influential factors) (see Chapter 2) - H1 	Selection of appropriate and relevant literature review
Market Data			
From DTI, JATO CarSpecs/CarsNotes in UK and JATO Dynamics in Thailand, Internet, SMMT, MIRA, BMW & Mercedes Importers in Thailand (see Chapter 2)	<ul style="list-style-type: none"> - To determine samples/marques for the survey - To compare the theoretical concepts with sales & market information/data 	<ul style="list-style-type: none"> - Definition of 'luxury car' - Luxury car models within luxury car price range: £34,001-£65,000 - Differences between Thai and UK cars' customers - H2 - Cultural differences are exhibited in purchases of new luxury cars 	Selection of appropriate and relevant literature review and Secondary Data
Exploratory/Preliminary Studies			
<u>- Observations and Unstructured Face-to-Face Interviews</u> with 6 luxury car dealers and 21 customers (Audi, BMW, Jaguar, Lexus, Mercedes, Rolls-Royce) in October at London Motorshow 1997 (see Chapter 7)	<ul style="list-style-type: none"> - To observe and investigate factors or criteria which potential buyers of luxury cars might hold - To prepare framework for fieldwork in Thailand and the UK 	<ul style="list-style-type: none"> - Attitude variables of buyers of luxury cars included both objective ("hard") or technical characteristics AND subjective ("soft") or non-technical characteristics. - H1 - Research design: methodological triangulation 	Observation and interviews with 6 dealers & 21 customers were recorded and transcribed and content analysed to count the attitude variables identified in the interviews.

Table 7.1. Research Design of the Study (continued)

Exploratory/Preliminary Studies	OBJECTIVE	INFORMATION / DATA	ANALYTICAL TECHNIQUE
<p>- <u>Pilot Unstructured Face-to-Face Interviews</u> with 2 BMW & 2 Mercedes dealer staffs in December 1997 in Bangkok (see Chapter 7)</p>	<ul style="list-style-type: none"> - To gain feedback from the luxury car dealers and customers on the findings from the exploratory research in London - To prepare framework for final field work 	<ul style="list-style-type: none"> - Dealers' and consumers' brand values and different attributes making cars luxury in Thailand - Emerging need to utilise both qualitative and quantitative approaches in both countries. 	<p>Interviews with these dealers were transcribed and content analysed the attitude variables identified in the interviews</p>
<p>- <u>Develop Questions for the Pilot Study in the UK</u> face-to-face with 5 owners of BMW & 5 owners of Mercedes in the city of London. In the light of this, the English language questionnaire was translated into Thai and sent to a Thai academic at Hull University for backward translation</p>	<ul style="list-style-type: none"> - To identify possible problems of comprehension in the questionnaire prior to the survey in Thailand - To review the reliability and validity of the answers given by the respondents in relation to the hypotheses of the study 	<ul style="list-style-type: none"> - A structured questionnaire in English which was then translated back to Thai questionnaire to be used in the survey in Bangkok 	<p>The completed questionnaires were analysed using SPSS's frequency and cross-tabulation techniques.</p>

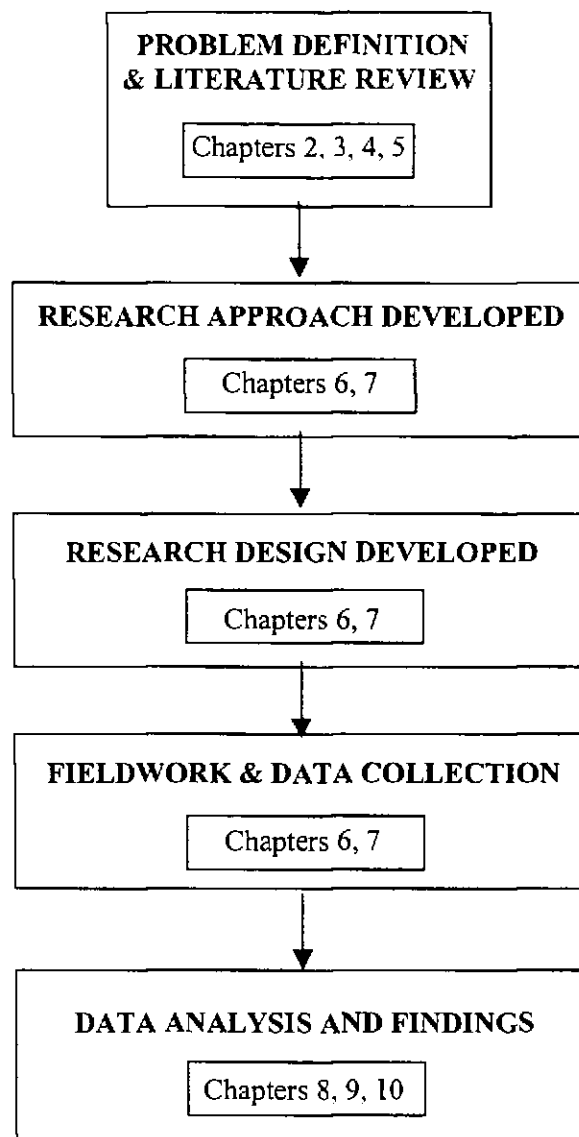
Table 7.1. Research Design of the Study (continued)

THAILAND PRIMARY FIELDWORK	OBJECTIVE	DATA	ANALYTICAL TECHNIQUE
<p>- <u>Sample Determination and Conduct Face-to-Face Survey Questionnaire</u> with 50 BMW car owners & 50 Mercedes car owners at 4 car dealers' service centres of the two marques in Bangkok (see Chapters 7 and 8)</p>	<p>- To administer questionnaire and ensure reliability and validity, collect additional information, and provide answers to questiona</p>	<p>- 100 completed structured questionnaires (50 BMW and 50 Mercedes) - Customers' profiles and perceptions, attitude, and buyer behaviour of luxury cars in general and of luxury cars of the two marques in Thailand.</p>	<p>Data collected were descriptive statistical, factor, and discriminant analysed using SPSS</p>
<p>- <u>Postal of Structured Questionnaire</u> to 25 owners of top range BMW car models and to 25 owners of top range Mercedes car models, who usually do not visit any car dealer, in Bangkok (see Chapters 7 and 8)</p>	<p>- To generate customers' perceptions, attitudes, and buyer behaviour.</p>	<p>- 50 completed structured questionnaires (25 BMW and 25 Mercedes)</p>	
<p>- <u>Semi-Structured Face-to-Face Interviews</u> with 5 dealer staff drawn from 3 main dealers of BMW dealership network and with 5 participants drawn from 3 main dealers of Mercedes dealership network in Bangkok (see Chapters 7 and 8)</p>	<p>- To study attributes of luxury cars and to generate dealers' key perceptions, attitude, and buyer behaviour</p>	<p>- Attributes of luxury cars and dealers' key perceptions, attitude, and buyer behaviour: Thai customers of BMW and Mercedes are different.</p>	<p>The structured interviews were transcribed and content analysed for attitude variables.</p>
<p>- <u>Arrange 4 Focus Groups</u> Thirteen owners of BMW and thirteen with owners of Mercedes cars who wanted to participate when being asked at BMW and Mercedes dealers' services sites. (see Chapter 7 and 8)</p>	<p>- To confirm customers' key perceptions, attitude, and behaviour, and to enrich the understanding of the findings from the structured questionnaires - To compare these with dealers'</p>	<p>- Customers' key perceptions, attitude, and buyer behaviour, and enriched understanding of the findings from the structured questionnaires.</p>	<p>The focus groups were transcribed and content analysed for attitude variables.</p>

Table 7.1. Research Design of the Study (continued)

UK PRIMARY FIELDWORK	OBJECTIVE	DATA	ANALYTICAL TECHNIQUE
<p>Preliminary discussions with car dealers in January 2000 in London suggest that the field survey established for use in Thailand is 'not replicable' in the UK. Due to difficulties of direct and indirect access to owners of new luxury BMW and Mercedes cars, the research methodology was adapted to meet UK conditions.</p>			
<p>- <u>Refining Questionnaires, Pilot with a BMW car owner in Berkhamsted, and Pilot the Questionnaires</u> with a BMW dealer in Gerrard's Cross, and with a Mercedes dealer in Beaconsfield. (see Chapters 7 and 9)</p>	<ul style="list-style-type: none"> - To confirm characteristics of luxury car and to generate dealers' key perceptions, attitude, and buyer behaviour - To compare and contrast dealers' perceptions, attitudes, and knowledge with Bangkok's 	<ul style="list-style-type: none"> - Characteristics of luxury cars and dealers' key perceptions, attitude, and buyer behaviour in London. 	<ul style="list-style-type: none"> - Data collected from 16 BMW dealer staff and 6 Mercedes dealer staff in London were analysed using SPSS' frequencies, cross-tabulation, and chi-square techniques
<p>- <u>Semi-Structured Face-to-Face Interviews</u> with 7 BMW dealer staffs in Gerrard's Cross and with 7 Mercedes dealer staffs in Beaconsfield. (see Chapters 7 and 9)</p>	<ul style="list-style-type: none"> - To explore the dealers' perceptions of their own car marquee and the marquee they do not own as well as their viewpoints on their customer perceptions of their own car marquee and the marque they do not own 	<ul style="list-style-type: none"> - Dealer perceptions, knowledge of brand identity and car attributes for the 2 marques 	<ul style="list-style-type: none"> - Interviews were transcribed and content analysed for dealers' perceptions of the two car marques
<p>- <u>Modify Questionnaires and Distribute Self-Completion Questionnaires</u> to 50 owners of BMW and 50 owners of Mercedes cars in outer North of London (see Chapters 7 and 9)</p>	<ul style="list-style-type: none"> - To confirm consumers' key perceptions, attitude, and buyer behaviour obtained from the survey questionnaires and interviews with BMW and Mercedes dealer staffs 	<ul style="list-style-type: none"> - 100 completed structured questionnaires (50 BMW and 50 Mercedes) 	<ul style="list-style-type: none"> - SPSS's frequency, cross-tabulation, and chi-square to provide conclusions, & triangulate with findings from the interviews

Figure 7.1. Overview of Research Process



7.3. Qualitative Research

7.3.1. Judgemental Samples

Judgemental samples are generated when the selection of cases is made by the researcher using his or her own judgement (Cooper and Emory, 1995; Malhotra and Birks, 2000). The selection may be made on the basis of contacting those cases that are easiest to access and those that are deemed to be the most important. In this study, the population was the total number of owners of the car models identified in the 'luxury car price concept' in each country (see Chapter 2, Section 2.4.1 p24).

Figure 7.2. Research Process in Bangkok

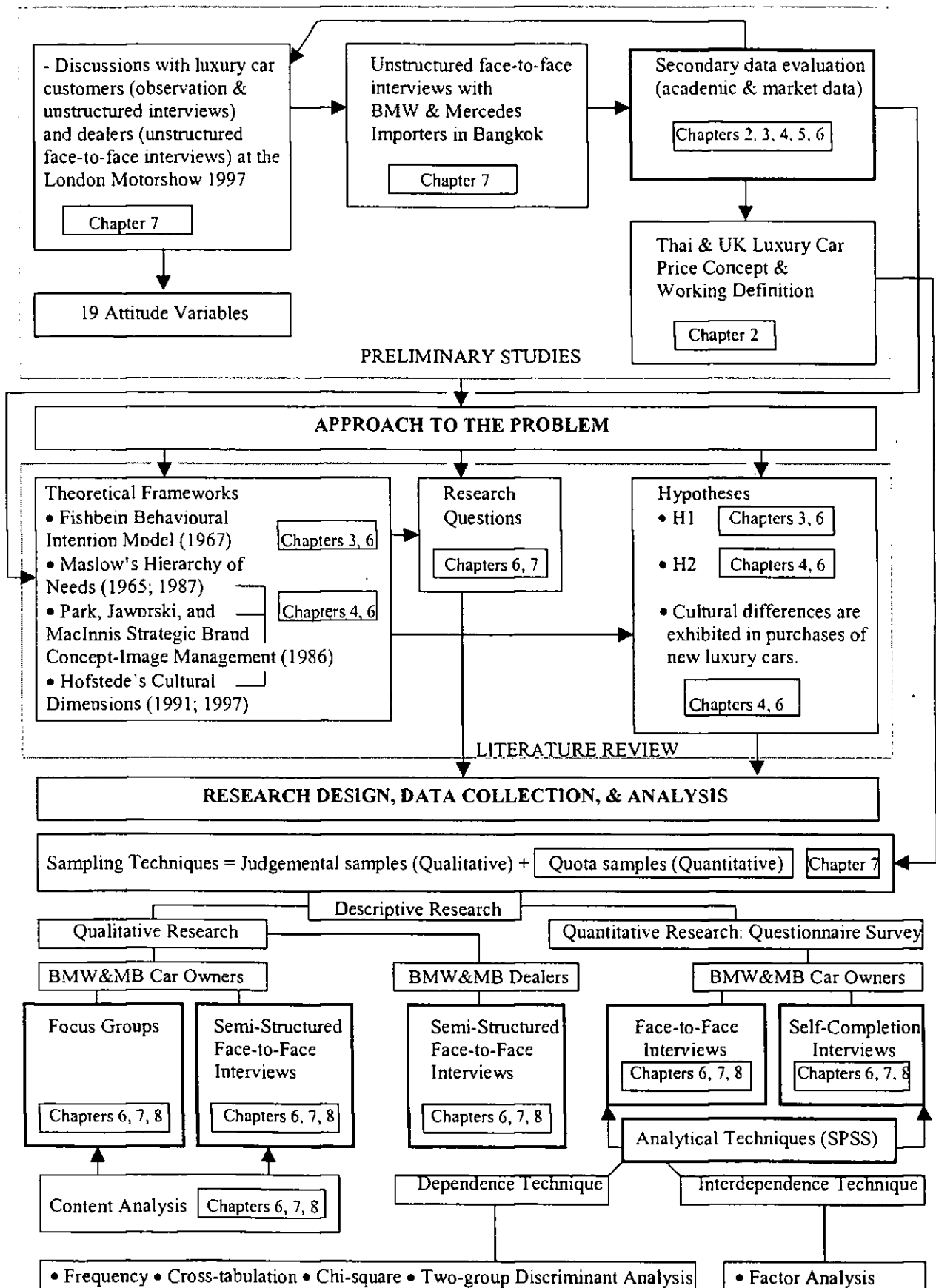
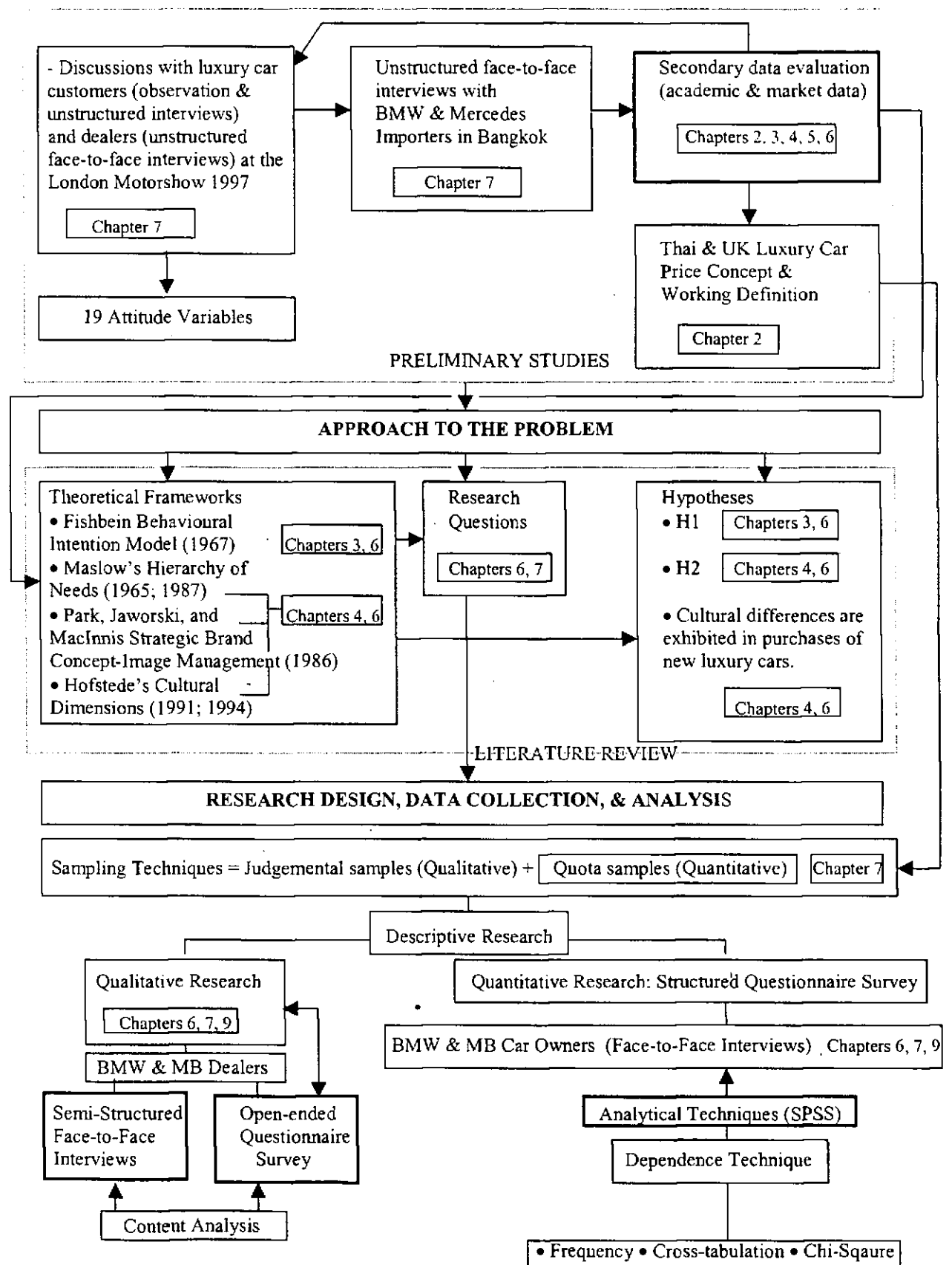


Figure 7.3. Research Process in London



In this case, non-probability samples-“judgemental samples” (Sudman, 1976) were used for convenience and the likelihood of producing a better response rate. Thus, judgemental samples in this study are the samples used in the face-to-face interviews in the exploratory phase, and focus groups and face-to-face interviews employed in the descriptive phase. The composition of the judgemental sample in London and Bangkok for the exploratory and descriptive research phases are shown in Table 7.2.

Table 7.2. Judgemental Samples in Qualitative Research

Research Phase	Respondents	Methods	Unit per Method	Size
Exploratory At Earl's Court in London	Customers of Luxury cars	Unstructured Face-to-face Interviews	3 (x 7)	21
	Dealer staff of Audi, BMW, Jaguar, Lexus, Mercedes, and Rolls-Royce & Bentley	Unstructured Face-to-face Interviews	1 (x 6)	6
Exploratory in Bangkok	Dealer staff of BMW and Mercedes	Unstructured Face-to-face Interviews	2 BMW 2 MB	4
Descriptive in Bangkok	Car owners of BMW and Mercedes	Focus groups	8 BMW 8 MB 5 BMW 5 MB	16 10
		Semi- Structured Face-to-face Interviews	10 BMW 10 MB	20
	Dealer staff of BMW and Mercedes	Semi- Structured Face-to-face Interviews	5 BMW 5 MB	10
Descriptive in London	Dealer staff of BMW and Mercedes	Semi- Structured Face-to-face Interviews	8 BMW 7 MB	15
Total sample Size				102

The research techniques used in this study are described in the following sections.

7.3.2. Observation

The exploratory phase began with observation of potential luxury car buyers at the Earl's Court London Motorshow in October 1997 followed by unstructured face-to-face interviews conducted at the show opportunistically with 6 luxury car dealer staffs and with 21 luxury car customers (1 dealer staff and 3 customers each of Audi, BMW, Jaguar, Lexus, Mercedes, and Rolls-Royce and Bentley¹). These interviews would yield a preliminary profile of relevant attitude variables held by luxury car owners and buyers including 'technical' and 'non-technical' attributes (see Appendix 3 for detail).

7.3.3. Face-to-Face Interviews

Two unstructured interviews were conducted with staff in each of BMW and Mercedes sole importers in December 1997 in Bangkok to compare feedback obtained from the UK motorshow in London and to explore consumers' and dealers' brand values and attributes of luxury cars in Thailand (see Appendix 4 for detail). Additionally, semi-structured face-to-face interviews were conducted in both Thailand and the UK. The objectives of conducting these interviews was to study significant attributes of luxury cars and to generate car owners' and dealers' key perceptions, attitude, and buyer behaviour, of their own marque and of the other marque (see Appendix 5 for set questions). Initially, 5 interviews each were conducted with BMW and Mercedes dealers at their dealer sites, and with car owners of both marques during September and October 1999 in Bangkok. Following this initial phase, 7 semi-structured face-to-face interviews were conducted with a Mercedes dealership in the richest area in North of London, Beaconsfield² and 8 interviews with a BMW dealer in the city of London during February and March 2000 in London.

7.3.4. Focus Groups

Section 6.2.1a(ii) in Chapter 6 outlined the benefits that focus groups can contribute. This study followed one of the most influential guidelines in this area provided by the total procedure of focus group administration advocated by Chase (1973). Briefly, Chase (1973) argues that investigators should carefully consider the following qualities

¹ identified by the customers.

in the administration of the focus group: kindness with firmness, permissiveness, involvement, incomplete understanding, encouragement, flexibility, sensitivity, and observation. Thus, it should be noted that where applicable and practicable, Chase's (1973) recommendations were incorporated into the administration of the focus groups in this study.

The objectives of arranging focus groups in this study are: (1) to confirm dealers' and car owners' key perceptions, attitude, and behaviour, and (2) to enrich the understanding of the findings from the structured questionnaires. As a result, the fleshing out of quantitatively generated information/data by the two focus groups (one with eight and one with five participants) of BMW and Mercedes car owners at the head office of each marque in October 1999 in Bangkok proved invaluable.

However, no focus groups were arranged with car owners in the UK. Discussion with BMW and Mercedes car dealers in outer North London revealed the necessity to adjust the fieldwork for the UK due to four main reasons:

- Luxury car dealers provide car collection and delivery services for car repairs and servicing, thereby customers rarely visit car dealers;
- The minority of luxury car owners who visit their car dealers proved difficult to approach and the dealers did not welcome a researcher talking to their customers due to consumers' privacy, territory, and rights;
- Focus groups proved to be very difficult to arrange given the lack of dealer support. To meet the target sample, a number of customers would have to be approached and at different dealers. However, time is money, hence, customers/dealers would inhibit access by their own right, hence arranging focus groups of the car owners was difficult;
- The Data Protection Act (1998) prohibited dealers from making available personal information such as addresses or telephone numbers of their clients or customers. Therefore, a postal or telephone questionnaire is almost impossible.

Such difficulties as were experienced are recognised in the literature. Pawle (1999) suggested the necessity of adaptation for cultural differences. Indeed, Probst, Carnevale, and Triandis (1999) demonstrated that individual cultural characteristics are related to cooperative behaviour. Individualists exhibited the single-group versus intergroup effect, least cooperation under single group conditions and greater cooperation under intergroup conditions. On the other hand, vertical collectivists

² since it is the biggest Mercedes dealer in the region of Gerrard's Cross and Beaconsfield.

exhibited the opposite behaviour. Therefore, whilst focus groups with car owners proved satisfactory for Bangkok, this approach had to be adapted to meet the UK's cultural characteristic of high individualism: semi-structured interviews with car dealers were used instead.

Table 7.3. Quota Samples of BMW & Mercedes Car Owners in the UK and Thailand

Population (Numbers)	Country	Marque	Car Price Range	Sample	Total
THAILAND & UK 113,889	Thailand 2,585	BMW 391	<u>£50,001-£65,000</u> 101	= 20	75
			<u>£45,001-£50,000</u> 189	= 35	
			<u>£34,001-£40,000</u> 101	= 20	
		MB 2,194	<u>£50,001-£65,000</u> 459	= 16	75
			<u>£45,001-£50,000</u> 1,287	= 40	
			<u>£40,001-£45,000</u> 409	= 15	
			<u>£34,001-£40,000</u> 39	= 4	
	UK 111,304	BMW 59,693	<u>£50,001-£65,000</u> 10,524	= 10	50
			<u>£45,001-£50,000</u> 299	= 1	
			<u>£40,001-£45,000</u> 17,282	= 17	
			<u>£34,001-£40,000</u> 31,173	= 22	
		MB 51,611	<u>£50,001-£65,000</u> 24,471	= 24	50
			<u>£45,001-£50,000</u> 64	= 1	
			<u>£40,001-£45,000</u> 14,778	= 14	
			<u>£34,001-£40,000</u> 11,001	= 11	

7.4. Quantitative Research

7.4.1. Quota Samples

Quota samples are used primarily for quantitative analysis, either to make estimates of the size or frequency of population characteristics, or to measure and test the extent to which the characteristics of cases are related together in the population (Cooper and Emory, 1995). Quota sampling provides advantages in terms of cost, time, accuracy, and nature of the measurement. Ideally, the results obtained from the sample should be broadly the same as those that would have been obtained had the whole population of cases been studied. In this sense, the luxury car price concept and set of luxury car definitions (see Chapter 2, Section 2.4.1 p24) have been used as criteria for stratification. Details of the quota samples of car owners for the UK and Thailand are exhibited in Table 7.3.

A discussion of the questionnaire surveys used in this study follows.

7.4.2. Questionnaire Surveys

The objectives of employing the questionnaire survey technique are: (1) to generate dealers' and car owners' perceptions, attitudes, and buyer behaviour, and (2) to administer the questionnaire and ensure reliability and validity, and to collect additional information. The structured questionnaire was pre-tested and modified to varying degrees and to make it suitable for either self-completion or administration by the interviewer. The final structured questionnaire was composed of set-choice, pre-coded questions, which could be used to collect socio-economic demographic, behavioural, and attitudinal data (see Appendix 6 for designing the questionnaire). Questionnaire wording ensured that respondents should be able to understand the questions, have the requisite knowledge or information to answer, and be willing to provide answers. Questionnaire layout and presentation were carefully designed to accommodate not only the respondents' convenience, but also the needs of the data analysis.

Given that this is a comparative study of two countries with strikingly different languages, back translation is essential. Qualitative research should be based upon "language and local language at that because the subtleties of communication rely

heavily on vernacular and everyday speech" (Pawle, 1999). Therefore, it was decided to use a structured questionnaire in the Thai language in Bangkok. Accordingly, the structured questionnaire in English was translated into Thai and sent to a Thai academic at Hull University for backward translation. The English questionnaire from backward translation was then compared to the original structured questionnaire for modification. The modified questionnaire was reviewed (for confirmation of question sequence) by BMW and Mercedes dealers, who allowed access to the car owners, and used in the investigation (see Appendix 7).

Interviews and administration of the questionnaire in Bangkok was conducted in the Thai language and the questionnaire was written in Thai. Of the 75 questionnaires conducted with each group of car owners, 55 questionnaires were completed by face-to-face interviews and 20 questionnaires were completed by postal method between August and October 1999. This is because owners of expensive BMW 7 Series within the price range £34,001-£40,000 and Mercedes E Class and S Class within the price range £45,001-£65,000 (see Chapter 2, Table 2.7 p14) who rarely visited dealers agreed to complete a postal questionnaire³.

The postal questionnaire had full response due to adoption of survey implementation stages suggested by many writers of research methodology (e.g., Churchill, 1991; de Vaus, 1996; Malhotra and Birks, 2000; Raghunathan and Grizzle, 1995). Firstly, respondents were pre-notified via a brief telephone conversation and support elicited. Secondly, a cover letter was included in the questionnaire package, promising confidentiality, mentioning the importance and value of participation, and individually addressed on headed stationery and signed in different colour ink (see Appendix 8). Finally, five weeks after initial posting respondents who had not responded were politely reminded to check progress and answer queries. After initial posting, a polite letter was sent to those who had not responded.

For the UK, following piloting of the dealer questionnaire with a BMW dealer (L & C of Croydon), the questionnaire was modified and shortened. Only the most important

³ An initial meeting between each of these car owners and the researcher in his/her car was arranged by his/her peer or relative for his/her verbal agreement on the survey co-operation. A questionnaire was then sent to each car owner by post.

questions to test the hypotheses were included. The time consuming Likert scale, semantic differential, and checklist formats of some questions were replaced by open-ended questions for the convenience of this time challenged group of respondents the questionnaire was administered to (see Appendix 9). Since BMW was the best-selling luxury car marque in the UK (see Chapter 2 Table 2.13 p36), the dealers selected included a BMW dealer in one of the richest parts of North of outer London i.e., Gerrard's Cross⁴; and a Mercedes dealer in the city of London. The aim was to study attributes of luxury cars and to generate BMW and Mercedes dealers' key perceptions and attitudes towards their own car marque and the other marque and their buyer behaviour.

Similarly, the structured questionnaire for car owners designed for the survey in Bangkok was carefully revised and modified following piloting with a BMW car owner in Berkhamsted, Hertfordshire. The questionnaire was modified and shortened by using only questions directly needed to test the hypotheses. The restructured questionnaire (see Appendix 10) was administered to 50 car owners each of both marques between April and May 2000 in the area of North of London.

The research process now turns attention to the selected analytical techniques used in this study.

7.5. Data Analysis

7.5.1. Qualitative Analysis: Content Analysis

As the qualitative data in this study was collected from a relatively small sample, no software was used (see Chapter 6, Section 6.4.3b p100). The data was content-analysed by hand instead of computer. The content analysis was employed to reduce written texts transcribed from the qualitative research (focus groups and interviews). Three key components of attitudes as specified in the behavioural intentions model devised by

⁴ Gerrard's Cross is rated the second richest area in North London where 15.4% of *cash* millionaires in Britain live. The top richest area is Woldingham where 16.8% (only 1.4% higher) millionaires live. The survey excluding house prices and concentrated on incomes, share ownership and credit card distribution; conducted by Experian, the UK's biggest credit-information company (Watson-Smith, 2000).

Fishbein (1967) (see Chapter 3, Section 3.2.2 p44) were employed as conceptual categories or theoretical underpinnings for the analysis. The three attitude components include (1) overall attitude toward the object (the salient beliefs), (2) the belief strength in which any one item is held (the object attribute linkages), and (3) the evaluative beliefs (the actual rating), each of which may contain several important items identified in the exploratory and descriptive phases [observations, interviews, academic literature and market data review, and pilot questionnaire survey (see Table 7.1)] of this study. The salient beliefs include the car attributes [*performance, technology, design, safety, quality, reliability, style, durability, level of equipment, manufacturing quality, security, and traction/handling*] and its image [*prestige, status, brand values, reputation*]. The object attribute linkages include those answers, which support that the car is purchased because it: *gains admiration from others; is used by many people; is expensive as such shows the owner's well-being; and is not used by many people*. The evaluative beliefs include the rating or degree of importance for the car marque to keep: *changes in design; up to date; classic and traditional; and technical developments*. For the UK respondents (see Table 7.4), they were asked to give the criteria that determined the choice of their current and next cars, and therefore salient beliefs and/or object attribute linkages were identified. The respondents were also asked to rate certain evaluative beliefs. For the Thai respondents (see Table 7.4), they were asked to choose the criteria (salient beliefs and object attribute linkages were both included) that determined the choice of their current and next cars, and therefore salient beliefs and/or object attribute linkages were chosen. The respondents were also asked to rate certain evaluative beliefs. The total number of mentions (attitudes) was counted in order to confirm groups of most important car attributes and criteria that determine the choice of car. The coding for the three components was straightforward. For each of the salient belief and object attribute linkage components, their identified items were used. A list of these items and their components was produced. Each of these items represented the sum of its items. All these codes were dichotomous judgments: an item was either present or not present. The idea behind this approach was to answer the research question by drawing inferences from the frequency with which attitude items appeared in the two components. The frequencies of four attitude items that appeared most were presumed to reflect the relative emphasis placed by the dealers and car owners (see Appendix 7 questions 16, 29, 30 and Appendix 10 questions 4, 8, 9). For the evaluative beliefs, the frequencies of the degree of importance (very important, rather

unimportant, not at all) for each item were presumed to reflect the relative emphasis placed by the dealers and car owners (see Appendix 7 questions 33, 34, 35, 36 and Appendix questions 12, 13, 14). As a result, the most important attributes, perceived by car dealers and owners of the two marques, from each of the component were obtained.

7.5.2. Quantitative Data Analysis

The quantitative data analytical techniques used in this study are (1) frequencies, (2) cross-tabulations, (3) Chi-square test, (4) Z test, (5) factor analysis, and (6) discriminant analysis. Frequency, cross-tabulation, and Chi-square techniques were used in both the Thai and UK study. Chi-square test, in particular, provided opportunity to link back to Fishbein's (1967) behavioural intention model: for example, existing owners and intention for their next car purchase. Factor and discriminant analyses were used only in the Thailand study. These techniques are described in the following sections.

7.5.2a. Frequencies

Frequencies give a count of the number of responses associated with different values of one variable and to express these counts in percentage terms (Daniel and Terrell, 1992; Einspruch, 1997; Field, 1971). In this study, frequencies were employed to answer a number of questions. For example:

- What percentage of BMW car owners were prestige or status oriented?
- What is the income distribution amongst BMW and Mercedes car owners?
- Are these distributions skewed toward highest income brackets?

The objective was to obtain a count of the number of responses associated with different values of the variable. The relative occurrence, or frequency, of different values of the variable are expressed in percentages. This produced a table of frequency counts, percentages, and cumulative percentages for all the values associated with that variable. However, information such as car owners' attitudes towards the attributes of their own car marque and the other provided in semantic differential format were summarised by the use of descriptive statistics mainly measures of location (mostly mean) and measures of variability (mostly standard deviation).

7.5.2b. Cross-Tabulations

Although answers to questions related to a single variable were interesting, they raised additional questions about how to link that variable to other variables. For each of the three questions used, further classification was used to give additional information related to other variables. For example:

- How many car owners of Mercedes are females?
- Is the percentage of BMW car owners who were prestige or status oriented related to occupation?
- Is Mercedes ownership related to age and income levels? Or is Mercedes ownership related to income (high, medium, and low)?

7.5.2c. Chi-Square (χ^2)

In confirming relationships between attitude, intention, and behaviour, Ajzen and Fishbein (1980) require a means of describing the strength of the relationships. This study used chi-square statistic to summarise the strength of association between the attitude components-salient beliefs, object attribute linkages, evaluation/actual rating-and behavioural intention (see Section 7.5.1 and Table 7.4 for list of attitude variables tested; see Chapter 8, Section 8.3 p136 and Chapter 9, Section 9.3 p165 for the analyses). In addition, chi-square statistic was used in goodness-of-fit tests to determine whether the consumer decision model of new luxury cars of both marques in Thailand fit the observed data. These tests were conducted by calculating the significance of sample deviations from assumed theoretical (expected) distributions and can be performed on cross-tabulations as well as on frequencies.

7.5.2d. Z test

In this study, a Z test was employed to determine the differences between the two sample proportions (50 BMW car owners and 50 Mercedes car owners in the UK) to investigate, if any, intention based on previous behaviour, for example, a shift from the owners' selection of their current and next cars (see Chapter 9, Sections 9.5 and 9.6 p170-173).

7.5.2e. Factor Analysis

In formulating the factor analysis problem in this study, the variables to be included in the analysis were based on exploratory research and theory. It was decided to use factor analysis (see Chapter 6, Section 6.2.2b p81), which extracted the few factors explaining maximum possible percentage of variance. Although the initial or unrotated factor matrix indicated the relationship between the factors and individual variables, it did not result in factors that could be meaningfully interpreted because the factors were correlated with many variables. Therefore, rotation was used to transform the factor matrix into a simpler one that was easier to interpret. The method of rotation used in this study was the varimax procedure, which resulted in orthogonal factors (Malhotra and Birks, 2000). This was appropriate because factors were correlated in the population, for example, customers tended to have favourable attitudes towards technical characteristics e.g., performance and handling of BMW brand.

Attitude variables of BMW and Mercedes car owners towards their own car marques were selected by examining the factor matrix and selecting variables with the highest or near highest loading for each factor. The differences between the observed correlations and the reproduced correlations, as estimated from the factor matrix, were then examined to determine model fit. These specified variables, then, were used in subsequent discriminant analysis.

7.5.2f. Discriminant Analysis

This study involves two groups, which are those who buy or do not buy cars of the two marques. Therefore, the technique used is two-group discriminant analysis. First, formulating the discriminant problem has been directed by the objectives of this study: the criterion and predictor variables. Second, estimation involved developing a linear combination of the predictors, called discriminant functions, and thus the groups differed as much as possible on the predictor values. Third, determination of statistical significance involved testing the null hypothesis (using Chi-square) that, in the population, the means of the discriminant function in all groups were not different. Finally, the interpretation of discriminant weights or coefficients, was similar to that in

multiple regression analysis, which had an implication on buyer purchase decisions of new luxury cars in Thailand (see Chapter 8, Section 8.5 p147).

Table 7.4. Formulation, Confirming, and Analytical Method of Hypotheses of the Study

Hypothesis	Formulating Method	Confirming Method	Analytical Method
H1	Literature review, Observation, Pilot Interview	Questionnaire – Using Fishbein's 3 Components Of Attitudes: (1) <i>Salient Beliefs</i> ; <u>Thailand</u> Q29(4),(5),(6),(10),(12),(13); Q37* (see Chapter 7) <u>UK</u> Q8 (see Chapter 9) (2) <i>Object Attribute Linkages</i> ; <u>Thailand</u> Q29(7),(8),(9),(14),(15); (see Chapter 7) <u>UK</u> Q8 (see Chapter 10) (3) <i>Evaluation/Actual Rating</i> ; <u>Thailand</u> Q35(a),(b),(c); Q36; Q38* (see Chapter 8) <u>UK</u> Q14(a),(b),(c),(d) (see Chapter 9) <i>Behavioural Intention</i> : <u>Thailand</u> Q28 (see Chapter 8) <u>UK</u> Q7 (see Chapter 9)	Frequencies, Cross-tabulations, Chi-square
H2	Literature review	Focus groups (see Chapter 8), Questionnaire: Group Conformity – A Comparison of <u>Thailand</u> Q33 and <u>UK</u> Q12 (see Chapter 9)	Content analysis, Frequencies

* Q37 and 38 were used in factor and discriminant analyses.

7.6. Confirmation of Hypotheses of the Study

The three hypotheses enunciated in Chapter 6 (see Section 6.5.2 p104-107) were tested and confirmed. The hypotheses facilitated data collection and in turn the data formed a basis for their validation. The link between the hypotheses and literature review,

specific questions in the survey questionnaires, focus groups, and face-to-face interviews outlined in this chapter makes it possible to cite the formulating, confirming, and analytical methods in Table 7.4.

7.7. Expected Outcomes of the Study

The overall findings of the fieldwork are expected to yield:

- a comparative study of similarities and differences between UK and Thai customer perceptions of BMW and Mercedes;
- insights into brand marketing of both car marques in cultures high in collectivism and uncertainty avoidance and cultures low in collectivism and uncertainty avoidance.

The outcomes yielded include:

- a detailed profile of BMW and Mercedes buyers in the UK and Thailand;
- the technical and non-technical attributes of BMW and Mercedes cars as well as dealer and customer perceptions of the two marques in UK and Thailand;
- commonalities between marques and differences in buyer attitude and behaviour in Thailand and the UK;
- a consumer decision model that determines the choice of a new BMW or Mercedes car in Thailand, and criteria that determine the choice of a new BMW or Mercedes car in the UK;
- identification of significant cultural determinants of new luxury car purchasing patterns in Thailand applicable to countries with similar cultural characteristics and socio-economic structures;
- marketing implications on customer acquisition and retention as well as upward brand stretching of both marques in both countries.

which help draw conclusions concerning:

- the characteristics of customers' profiles of both marques in both countries;
- the chief technical and non-technical attributes of both marques in both countries;
- the dealer and customer perceptual differences of both marques in both countries;
- the cultural influences on consumer behaviour of the two car marques in both countries;

- the customer acquisition, customer retention, and upward brand stretching for both car marques in both countries.

7.8. Summary

This chapter provided a depiction of the research design and processes used to analyse, and interpret the data that was collected. The research process phases beginning with Problem Formulation, Theory, Research Methodology, Sampling, Data Collection, Data analysis was described and the expected contribution of the thesis and current knowledge was depicted. The research methodology employed in this study proved appropriate because it helped to support the hypotheses of this study.

This study now turns its focus to the empirical findings in Chapters 8 and 9 for Thailand and UK respectively.

Chapter 8: Dealer and Customer Perception of BMW and Mercedes in Thailand

8.1. Introduction

This chapter provides an analysis of data collected from dealers and car owners in Thailand. The quantitative research findings confirm Hypothesis 1, while both quantitative and qualitative research confirms Hypothesis 2. The chapter commences with profiles of the car owners showing a fair similarity between car owners of the two marques. This is followed by an investigation of associations between measures of the car owner attitude, intention and behaviour, which confirms Hypothesis 1 of this study leading to an investigation of factors underlying the purchase behaviour for the two marques. Using these factors in discriminant analysis, the chapter then presents a consumer decision model for purchasers of new BMW and Mercedes cars in Thailand. The quantitative and qualitative research that confirms Hypothesis 2 is presented.

8.2. Dealer and Car Owner Profiles

The previous chapter delineated that the research methods employed in the Thai fieldwork were face-to-face interviews, focus groups, and questionnaire survey. This section presents profiles of samples used in these researches respectively.

First, a semi-structured face-to-face interview lasting approximately 15-20 minutes was conducted with 5 dealer staff from Yontrakit Rongmuang (a BMW dealer in Bangkok) and with 5 dealer staff from Thonburi Prakobyon (a Mercedes dealer in Bangkok) during September and October 1999. The overall aim of the face-to-face interviews with the dealer staff was to maximise the opportunity to gain different perspectives of the criteria or critical factors associated with owner perceptions of the new luxury car and to support findings from the questionnaire survey. The interview (see Appendix 5 for detail) covered 3 main topics:

- ‘must have’ attributes and brand images of BMW and Mercedes cars;
- BMW and Mercedes car owners’ profiles;
- BMW and Mercedes car owners’ loyalty and repeat purchase pattern; for (1) their own marque and (2) the other marque.

Second, four focus groups lasting approximately 60 minutes were arranged with owners of BMW and Mercedes cars during September and October 1999 in Bangkok, as listed in Table 8.1 below.

Table 8.1. BMW and Mercedes Car Owners Focus Groups held in Sept-Oct 1999

Location	Group Size
Yontrakit (Rongmuang), a BMW dealer in the City of Bangkok	<ul style="list-style-type: none"> • 8 BMW car owners • 5 BMW car owners
Thonburi Prakobyon, a Mercedes dealer in the City of Bangkok	<ul style="list-style-type: none"> • 8 Mercedes car owners • 5 Mercedes car owners
Total Unit	26 car owners

The aims of conducting focus groups with car owners are:

- to confirm car owners' key perceptions, attitude, and behaviour;
- to enrich the understanding of the findings from the structured questionnaire; and
- to compare the findings with dealers'.

The discussions centred on the following questions:

- 'Must have' attributes of a new BMW and Mercedes car;
- BMW and Mercedes car owners' loyalty and repeat purchase pattern;

The answers to each question including car owners' attitudes towards their own marques and the other marque to reinforce the findings from the dealers.

Finally, the questionnaire survey using quota samples (see Chapter 7, Table 7.3 p120) was conducted.

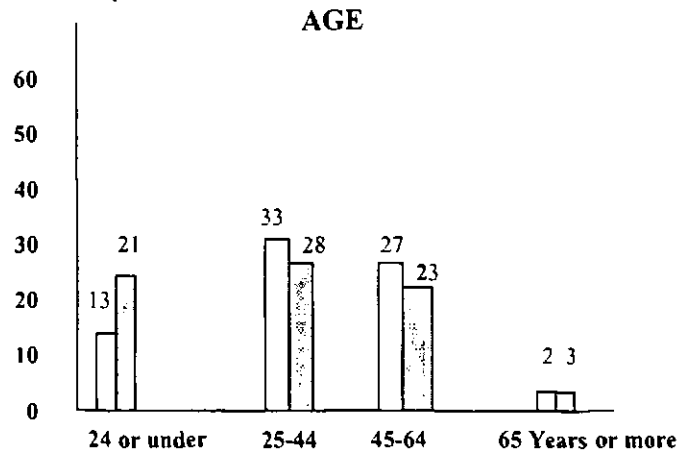
The profiles of car owners were examined in order to:

- ensure the comparability between the two stratas;
- investigate if social demographic variables influence consumer purchase decisions of new BMW and Mercedes cars in Thailand.

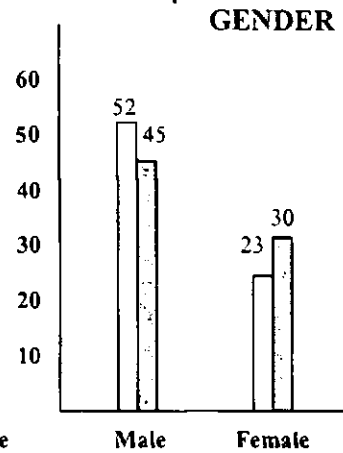
Figure 8.1 shows the profiles of the sample (see Appendix 11 for details).

Figure 8.1. Thai Car Owner Respondents' Profiles

Number of Respondents



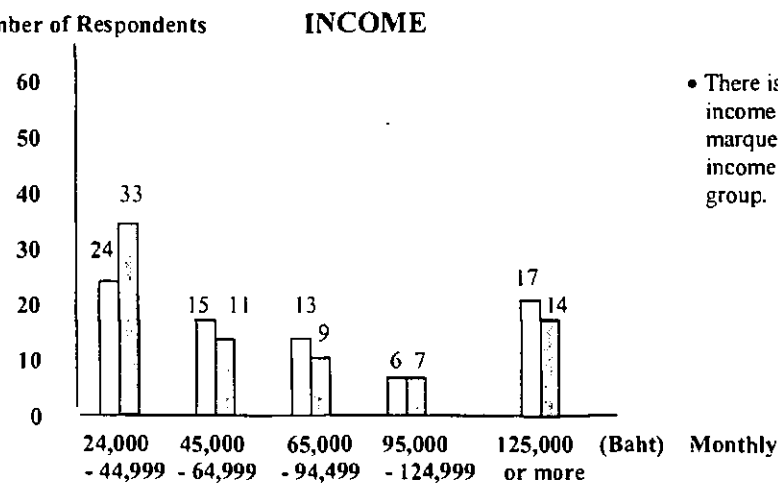
Number of Respondents



- There are more Mercedes car owners who are 24 or under than BMW because the Mercedes cars were purchased by their Parents.

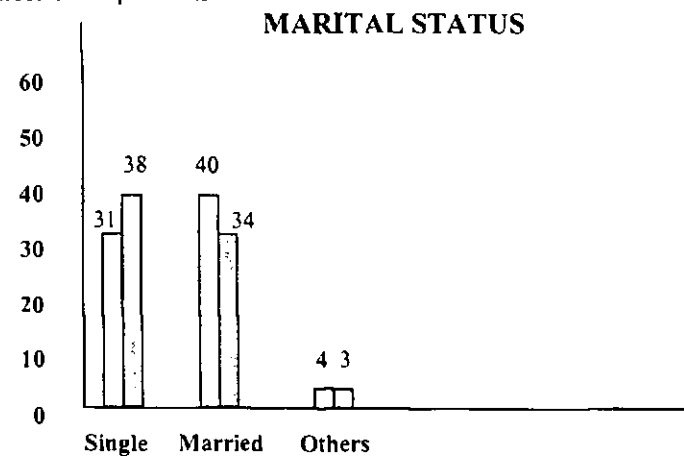
- The proportion of female Mercedes car owners is higher than female BMW car owners.

Number of Respondents



- There is an association between age and income amongst the car owners of each marque, and the two samples have similar income distribution, except at the lowest group.

Number of Respondents

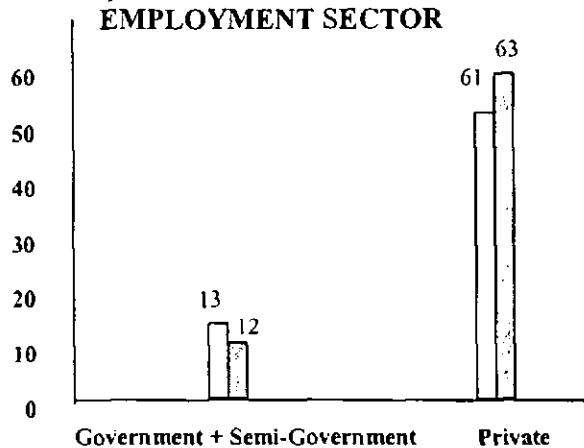


- More of the Mercedes car owners are single because a high proportion is under 24 compared to BMW car owners.

BMW
 MERCEDES

Figure 8.1. Thai Car Owner Respondents' Profiles (continued)

Number of Respondents



• 48 of BMW car owners are employees and 26 of them are business owners, whilst 45 of Mercedes car owners are employees and 30 of them are business owners.

* BMW does not add up to 75, as one respondent did not state the employment sector.

BMW Car Owners' Occupation

Commercial	9
Finance	6
Production	6
Advertising	5
Sales	5
Services	4
Marketing	3
Accounting	2
Distribution	1
Project/Planning	1
Quality	1
Others	23
Total	70*

*The sum does not add up to 75, as 5 respondents did not state the occupation

BMW Car Owners' Job Title

Owner	28
Manager	12
Administrator	6
Partner	5
Chairman	3
Chief Executive	2
Director	1
Total	57*

*The sum does not add up to 75, as 18 respondents did not state the job title

Mercedes Car Owners' Occupation

Commercial	18
Project/Planning	5
Services	5
Accounting	4
Production	4
Sales	3
Distribution	2
Finance	2
Law	2
Marketing	1
Quality	1
Others	12
Total	62*

*The sum does not add up to 75, as 13 respondents did not state the occupation

Mercedes Car Owners' Job Title

Owner	40
Manager	12
Administrator	6
Partner	5
Chairman	3
Chief Executive	2
Consultant	2
Director	1
Total	71*

*The sum does not add up to 75, as 4 respondents did not state the occupation

There was no significant difference in age, gender, income, marital status, and occupation between the BMW and Mercedes car owner. Therefore,

age, gender, income, marital status, and occupation were found to be similar for both marques and as such have no influence on the new BMW or Mercedes car choices in Thailand. These are not investigated any further.

The profile of typical buyers of BMW and Mercedes cars were fairly similar. Findings from the interviews with dealers and focus groups with car owners add that BMW car owners tend to have an income of 125,000 Thai baht or more, well-educated, and less conservative than Mercedes car owners. Further analysis of age statistics shows that the majority of BMW 7 Series owners are mid-forties and over. The BMW 5 Series owners vary from early twenties to early forties: this group comprises the majority of BMW car owners and they are more involved in their purchases. Both BMW 7 and 5 Series owners aim to distinguish themselves from car owners of other comparable marques with sporty executive and luxury saloons. BMW car owners added that the typical BMW car owner has an imagery of a heroic, enthusiastic, young, wealthy person who chooses *practicality* (functional) or experiential benefits or *driving experience* over and above the symbolic benefits (prestige, status) bestowed by their cars.

For Mercedes, both sets of dealers maintained that Mercedes car owners tend to be more conservative than BMW car owners. In particular, the majority of Mercedes car owners are traditional Chinese or mixed Chinese-Thai businessmen and nouveau riches who predominantly want to gain 'group membership' (see Chapter 4 Section 4.4 p57). Thus, BMW car owners are more "involved" than Mercedes car owners: BMW car owners are the drivers of their cars, while Mercedes car owners often have someone else to drive their cars.

Collectivist Buyer 'Membership'

Mercedes users have to show off their wealth, success, and status and owning a Mercedes car is a convenient way. The image/imagery has long been established and parents would purchase another Mercedes for their next generation. These young generations thereby gain respect in terms of prestige and status-being acknowledged that they come from a rich family, and hence appreciate and continue to purchase Mercedes...

(BMW car owner: Junior Lecturer)

...My family has been using Mercedes for a long time and so have I. My parents bought me my first Mercedes when I went to the university at 17. It was also my first car. I have been happy with Mercedes and my current car is the sixth Mercedes now. Believe it or not? I have never used anything else apart from a Range Rover, which I use only occasionally. I do not think BMW, Audi, or Jaguar are any better. Besides, they do not have as good an image as Mercedes. I am now running my family business, and Mercedes has been with us since my grandfather first set up the company. I have no intention to purchase other luxury marques and will continue to purchase Mercedes...

(Mercedes car owner: Owner Director)

8.3. Thai Car Buyer Attitude, Intention and Buyer Behaviour

Ajzen and Fishbein (1980) suggest that attitudes consist of three components including (1) overall attitude toward the object (the salient beliefs), (2) the belief strength in which any one item is held (the object attribute linkages), and (3) the evaluative beliefs (the actual rating) (see Chapter 3, Section 3.2.2 p43-45 for Fishbein's behavioural intentions model; Chapter 7, Section 7.5.1 p123 and Table 7.4 p128 for the division of criteria and selection of the components). The aim of employing this framework is to test how far attitude influences purchase selection (behaviour). Therefore, current BMW and Mercedes car owners were asked about what determines the choice of their next car (e.g., experience of usage, attitude, the car's technical and non-technical attributes, etc. see Table 7.4 p128).

The chi-square statistic was used to determine the association between these attitude components and behaviour. Firstly, from the questionnaire, the important criteria influencing choice of BMW and Mercedes cars that the owners chose for their next purchase were selected as the 'salient beliefs' and 'object attribute linkages'. The importance of four attributes: (1) changes in design, (2) up-to-date, (3) classic and traditional, and (4) technical development was selected as the 'evaluative beliefs'. The likelihood of the next purchase was selected as the 'behavioural intention'. Secondly, to enable the exploration of potential associations between measures of buyer attitudes and buyer behavioural intention, Ajzen and Fishbein (1980) require a means of describing the strength of the relationships. Thus, the relationship between the attitude and behaviour was established by a cross-tabulation between the attitude components and behavioural intention. The cross-tabulation showed that the four most important criteria influencing choice of next BMW cars in rank order are all salient beliefs: (1)

(admiration from others). The rank order of these four most important criteria is: (1) design (23%), (2) admiration from others (19%), (3) prestige (15%), (4) traction/handling (14%). Finally, the chi-square statistic was used to determine the association between these attitude components and behaviour. The results of this analysis are shown in Tables 8.2 and 8.3. Tables 8.2 and 8.3 show that there is an overall association between car buyers' attitudes, intention and behaviour. Three salient beliefs (prestige, technology, performance), one object attribute linkage (admiration from others), and two evaluative beliefs (classic and traditional, and changes in design) are significantly associated with the buyers' behaviour (having chi-square value greater than 3.841), which in rank order being (1) classic and traditional (21.84), (2) changes in design (16.02), (3) admiration from others (14.43), (4) prestige (13.71), (5) technology (7.81), and (6) performance (5.03). However, even though there is an association, yet the attributes associated with buyer behaviour are different for the two marques. This confirms Hypothesis 1:

Buyer attitude is related to buyer intention which influences buyer behaviour.

The importance of the attributes amongst the car owners was investigated by using factor analysis, which is discussed next.

8.4. Factor Analysed Car Descriptive Attributes

Factor analysis allows us to decide the importance of car attributes: hard/technical and soft/non-technical characteristics, and the functional, emotional, and image facets of the two marques, as shown in Table 8.4.

Table 8.4. BMW and Mercedes Car Descriptive Attributes used in Factor Analysis

Hard/Technical/Functional	Soft/Non-Technical/Emotional/Image	
Design	Image	Luxury Brand Image
Performance		Social Status
Technology		Prestige
Level of Equipment		Sporty
Reliable		Classic
Expensive		Modern
	Emotional	Desirability
		Elegance
		Exclusive

First, a table of correlation was produced and showed that the variables (car attributes) were highly correlated with each other (see Appendix 12). Customer attitudes towards the two car marques were measured on four point scales (2.5 as a mid-point), the highest level being 1 and the lowest being 4. The patterns indicate levels of customer attitudes towards the car attributes of their own marques are notably above the mid-point with a comparatively low level of variability, whereas customer attitudes towards the attributes of the marque they did not own are notably below the mid-point with comparatively higher level of variability, as shown in Figures 8.2 and 8.3.

(a) BMW car owners' attitudes towards BMW and Mercedes

Figure 8.2 shows that BMW car owners have very positive attitudes towards their own car marque [1 being the most and 4 being the least]: out of the 15 attributes, the mean of most attributes are all above the mid-point with 'sporty' (1.43), 'performance' (1.45), 'modern' (1.48), 'technology' (1.51), 'design' (1.52), and 'level of equipment' (1.54) to be the most positive attributes [functional]; followed by 'prestige' (1.89), 'social status' (1.90), 'luxury brand image' (1.92), and 'exclusive' (2.01) which are also relatively close to the mid-point [image].

In contrast, as expected, BMW car owners have a positive attitudes towards 10 attributes of Mercedes which have the mean above the mid-point with 'social status' (1.44), 'luxury brand image' (1.45), 'expensive' and 'exclusive' (1.47), and 'prestige' (1.57) to be the most positive attributes [image]; and 'level of equipment', 'modern', and 'technology' (2.02), 'performance' (2.14), and 'sporty' (2.21) to be the attributes below the mid-point [functional and image]. Therefore, it is found that:

BMW car owners' attitudes towards their own marque are higher and different from their attitudes towards Mercedes.

(b) Mercedes car owners' attitudes towards Mercedes and BMW

Figure 8.3 shows that Mercedes car owners have attitudes (luxury brand image, social status, prestige) towards their own car marque [image], following three means are high and not much different from 1.46. These are followed by 'expensive' (1.52), 'desirability' and 'elegance' (1.53), and 'exclusive' (1.56), which are close to the

Figure 8.2. BMW car owner' positioning of 15 descriptive attributes of BMW and Mercedes Cars

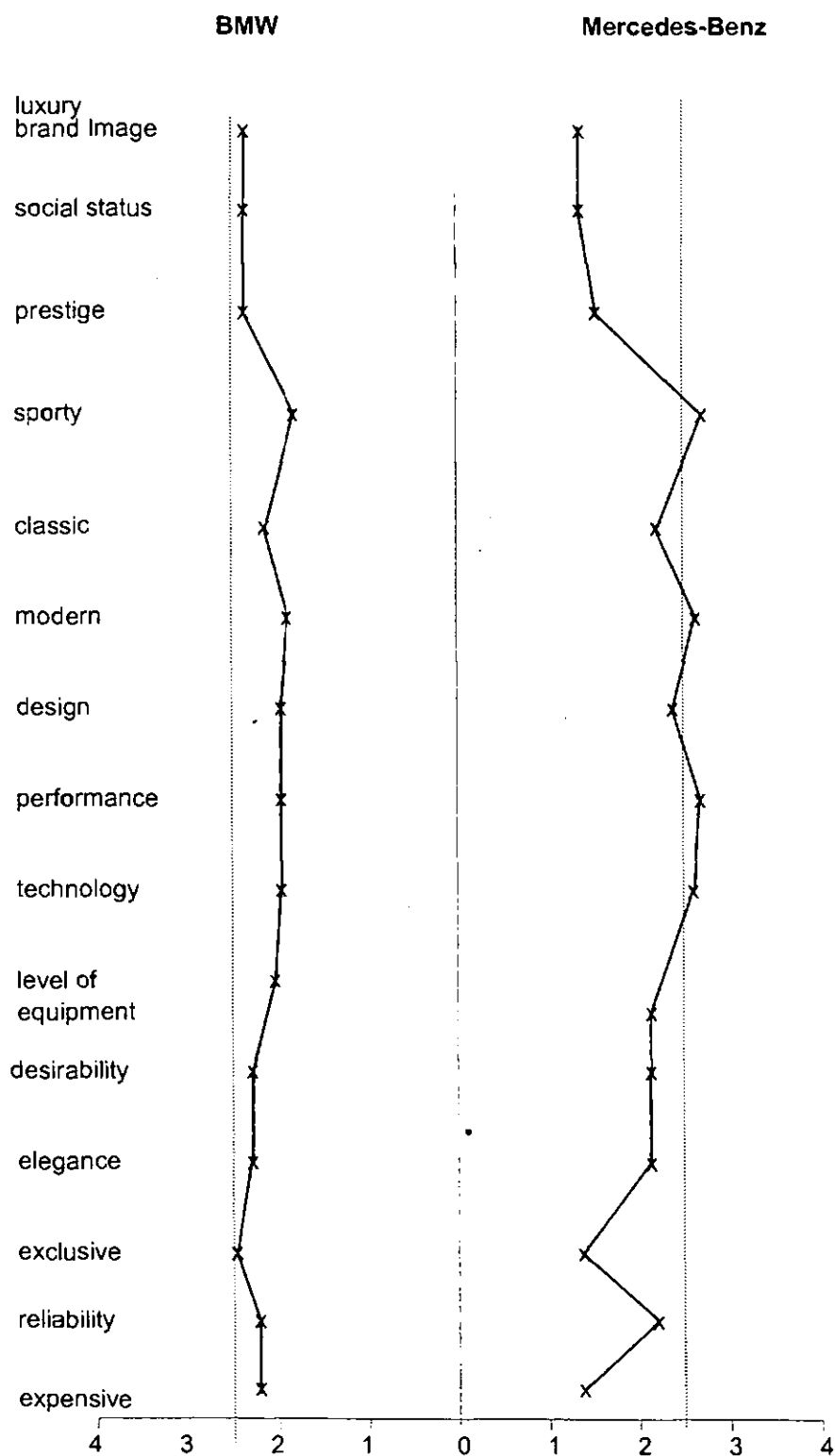
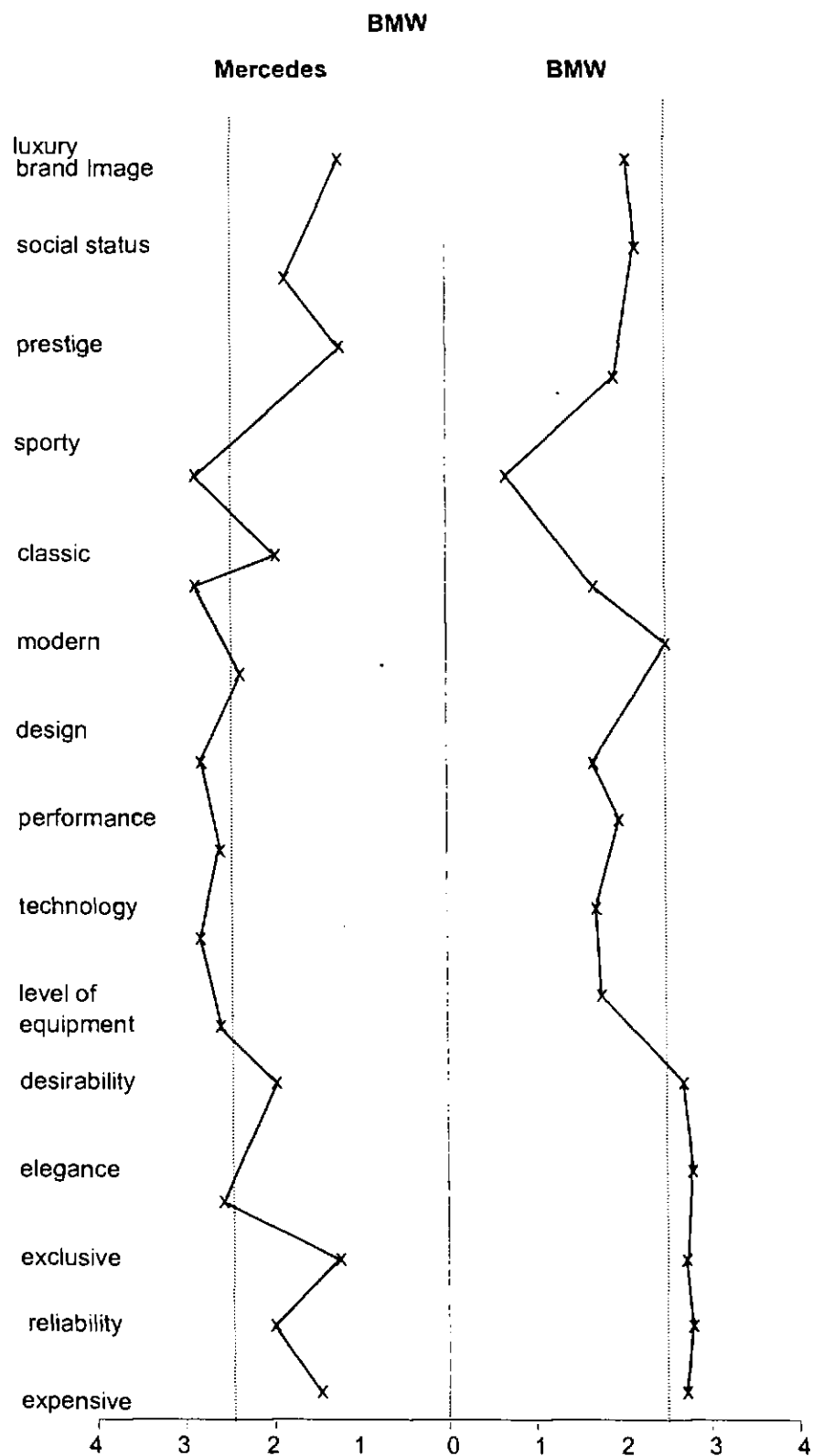


Figure 8.3. Mercedes car owners' positioning against descriptive attributes



highest level [emotional]. The rest of the attributes including 'reliable' (1.58), 'classic' (1.63), 'design' (1.70), 'technology' (1.83), and 'level of equipment' (1.84) are the attributes that are close to the mid-point [functional]. Especially 'performance' (1.89) and 'sporty' (2.08), are relatively close to the midpoint [functional].

Furthermore, Mercedes car owners have really weak attitudes towards BMW. Amongst the 15 attributes of BMW, only 'sporty' (1.67), 'technology' (1.69), 'level of equipment' (1.74), and 'performance' (1.95) are above (yet relatively close to) the mid-point [functional]. The rest of the attributes are relatively below the mid-point. Therefore, it is also found that:

Mercedes car owners' attitudes towards their own marque are significantly higher and different from their attitudes towards BMW. They are more negative towards BMW than BMW owners are to Mercedes.

This section has shown that Mercedes car owners' favourable attitudes towards their own marque are more 'broad' and 'stronger' (image, emotional, and functional facets are all important) than BMW car owners' favourable attitudes towards their own marque (functional and image predominate). These findings show that favourable attitudes of both sets of car owners towards both marques are congruent with the core brand values established by the two marques (see Chapter 5, Section 5.4 p82 for detail): the BMW and Mercedes core brand values are communicated in a clear and consistent way to the target customer. The BMW car owners' favourable attitudes predominantly towards the functional facet (*sportiness*: performance, modern, technology, design, level of equipment) of the brand implicitly shows BMW's application of three of its core brand values which are *quality*, *technology*, and *performance* to deliver *driving experience*. Whilst, the car owners' attitudes towards the brand's image facet (prestige, social status, luxury brand image, exclusive) reflects the other core brand value – *exclusivity*.

For Mercedes, the Mercedes car owners' favourable attitudes towards the image (luxury brand image, social status, prestige) and the emotional (expensive, desirability, elegance, exclusive) facets clearly show that Mercedes offers premium products with equipment people wanted at a price that buyers 'perceived' as offering good value placing Mercedes the top luxury car brand in Thailand. These reflect the *customer*

focus element of the brand's "culture" in which Mercedes tries to exceed the customer expectation (see p86). Mercedes' premium products are supported by the car owners' attitudes towards the functional facet (reliability, design, technology, level of equipment) of the marque appear to reflect two elements of its "culture" value including *innovation* and *agility*, and two elements of the "performance" value including *quality* and *speed* (see p86). Mercedes has committed to establishing benchmark quality in *everything* it makes and does. It proves its innovation with its quality functional attributes. It is striking that Mercedes is also perceived to be 'sporty' by both sets of car owners perhaps owing to its design, technology, and level of equipment attributes, though it is not as sporty as BMW. This shows that Mercedes is constantly alert, receptive to change, and in tune with the market trend in this modern day.

Having obtained these important variables, factor analysis was conducted to reduce the number of these variables to manageable factors, which is discussed next.

8.4.1. Factor Analysis: Dominant Purchasing Factors of New BMW and Mercedes Cars in Thailand

The factor analysis was used to reduce the 15 attributes of BMW and Mercedes into a smaller number of factors (see Appendix 13 for detail). Three components were extracted for BMW, while only 2 components were extracted for Mercedes. These components will facilitate the development of a purchase decision making model for BMW and Mercedes car owners in Thailand. This is discussed next.

8.4.1a. Dominant Purchasing Factors of New BMW Cars in Thailand

Table 8.5 presents 3 components, which are labelled *performance*, *status*, and *appearance* factors. Component 1 - the performance factor accounts for 25%. Component 2 - the status factor accounts for 22%. Component 3 - the appearance factor account for 17%. The percentages indicate the order of importance or order of priority of the factors considered by BMW car owners' purchasing BMW cars in Thailand (presented in Figure 8.4).

Table 8.5. Dominant Purchasing Factors of New BMW Cars in Thailand in order of contribution

Component 1 – Performance (25%)

Functional Factor	Rotated Component Values
Performance	0.882
Sporty	0.762
Level of Equipment	0.756

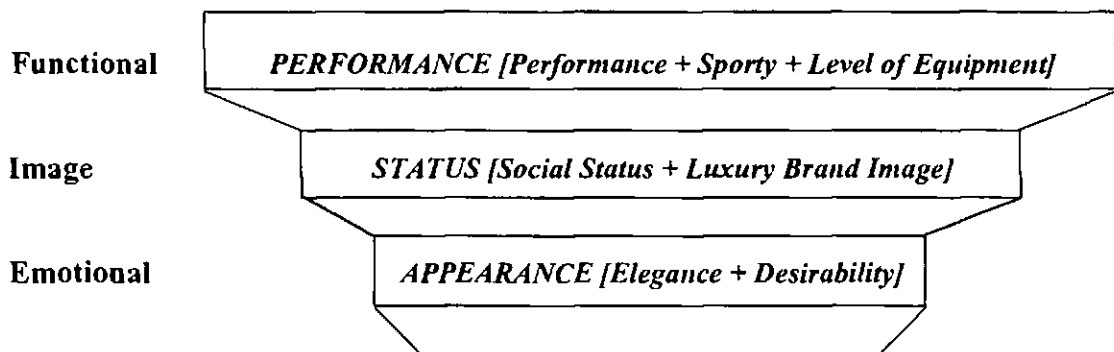
Component 2 – Status (22%)

Image Factor	Rotated Component Values
Social Status	0.883
Luxury Brand Image	0.810

Component 3 – Appearance (17%)

Emotional Factor	Rotated Component Values
Elegance	0.805
Desirability	0.798

Figure 8.4. Dominant Purchasing Factors of New BMW Cars in Thailand in rank order



In congruence with findings from the qualitative research, the order of these factors suggests that BMW car owners' choice decision is dominated by performance, status, and appearance oriented buyers (functional, image, and emotional). They purchase BMW primarily because they have positive attitudes towards the luxury cars in terms of performance, sportiness, and level of equipment (functional). Any luxury car that does not possess these attributes might be eliminated at the beginning of their purchase decision processes. However, luxury cars that are high-performance, sporty, and

equipped with high level of equipment must also demonstrate social status and luxury brand image (image).

Table 8.6. Dominant Purchasing Factors of New Mercedes Cars in Thailand in order of contribution

Component 1 – Everythingness (58%)

“Everythingness” Factor	Rotated Component Values
Reliability	0.864
Elegance	0.825
Desirability	0.817
Modern	0.811
Exclusive	0.809
Prestige	0.806
Classic	0.801
Expensive	0.780
Luxury Brand Image	0.778
Technology	0.757
Level of Equipment	0.735

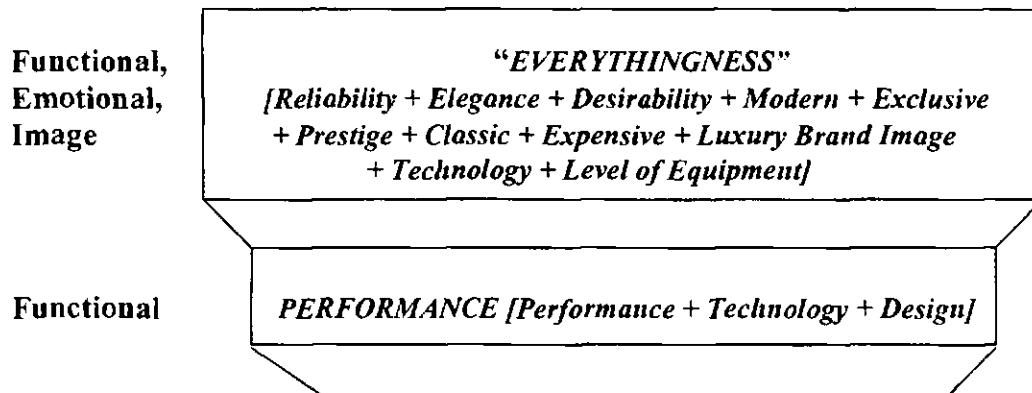
Component 2 – Performance (13%)

Functional Factor	Rotated Component Values
Performance	0.594
Technology	0.471
Design	0.439

8.4.1b. Dominant Purchasing Factors of New Mercedes Cars in Thailand

Table 8.6 of Thai Mercedes car owners’ factor analysis yields only two components, which are labelled: component 1 - “*everythingness*” factor and component 2 - *performance* factor. The everythingness factor accounts for over 58% of the total including 11 attributes, whilst the performance factor accounts for 13% of the total. These percentages indicate the order of importance or order of priority of the factors in Thai purchasing decision criteria for Mercedes cars (presented in Figure 8.5). Note that the component 1 - *everythingness* factor includes *both* “modern” and “classic” attributes. In factor analysis, this can happen: contradict variables within a factor.

Figure 8.5. Dominant Purchasing Factors of New Mercedes Cars in Thailand in rank order



Component I (everythingness) contains almost everything Thai Mercedes car owners want. Functional, emotional, and image facets of the marque merge to be indistinguishable as an important factor. In congruence with findings from the qualitative research, Mercedes car owners usually considered that most luxury cars had parity in technical attributes e.g., reliability, technology, and level of equipment. Furthermore, Figure 8.5 shows that reliability [functional] is the only technical attribute that comes before non-technical attributes like elegance and desirability [emotional]. In this sense, it is the appearance (elegance and desirability) and status (status or prestige) factors that constitute the first priority in purchase criteria amongst the majority of Thai Mercedes car owners. The principal component analysis has strongly agreed with the qualitative findings and leads to the conclusion that Mercedes customer purchase decision is not as complicated as that of BMW. There are three purchase criteria used by BMW car buyers, whereas Mercedes car buyers only involved two factors. Above all, these are reverse values: the first purchasing factor of BMW cars appears to be the last purchasing factor of Mercedes cars. BMW car buyers use three purchasing criteria (performance, status, appearance), whereas Mercedes car buyers employ two (broad and performance). In relation to dimensions of Mercedes marque in Section 8.4, it is found from the factor analysis that it is slightly more important for Mercedes car owners that their cars are modern than classic and traditional.

The findings from the factor analysis of BMW and Mercedes car owners were then used to formulate a buyer decision model of new BMW and Mercedes cars in Thailand, which will be discussed next.

8.5. Consumer Decision Model of New BMW and Mercedes Cars in Thailand

In constructing a buyer decision model of new BMW and Mercedes cars in Thailand, 'two-group' discriminant analysis was employed (see Appendix 14 for detail). The analysis resulted in the following equation:

$$\Sigma = 0.619 X_1 - 0.775 X_2 + 0.294 X_3 + 0.207 X_4 - 0.150 X_5$$

Where

- X_1 = luxury brand image
- X_2 = performance
- X_3 = elegance
- X_4 = desirability
- X_5 = level of equipment

In choosing a particular marque, X_1 , X_3 , and X_4 are seen to be attributes which allow the consumer to positively discriminate while X_2 and X_5 , though important, negatively discriminate between the two marques. The point of discrimination between the marques is -0.8317 (see Appendix 14). Therefore, if a new customer wishes to buy a BMW car, the discriminant score for this individual should be 0.7682 or higher. Whereas, if a new customer wishes to buy a Mercedes car, the discriminant score for this individual should be -0.064 or lower (see Appendix 14).

A description of testing of the discriminant function (DF) follows.

8.5.1. Testing of Discriminant Function¹

(Null)

H_0 : Discriminant function is not a good model (Test of Goodness of fit)

(Alternative)

H_1 : Discriminant function is a good model

¹ Detail of testing of discriminant function can be found in Chansarkar (1987).

level of significance $\alpha = 0.05$ (95% confidence)

Test Statistic $\chi^2 = \sum \frac{(O - E)^2}{E}$ (Chi-square with one degree of freedom)

where O = observed frequencies
E = expected frequencies

Critical value : $\chi^2 = 3.841$ (Murdoch and Barnes, 1999)
(from tables)

Decision rule : If calculated $\chi^2 > 3.841$ reject H_0 otherwise accept H_0

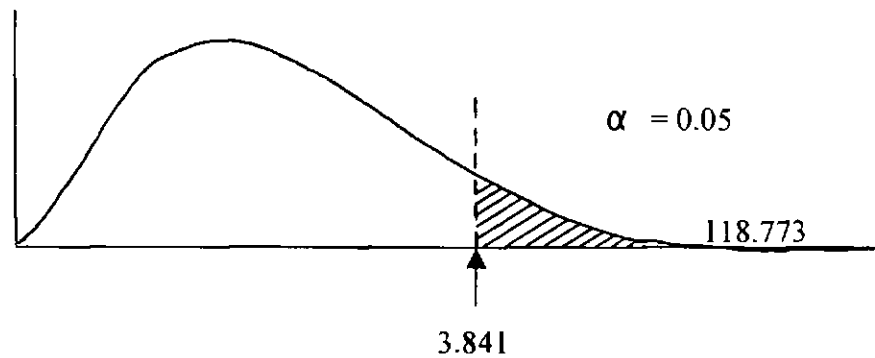


Table 8.7. Classification of BMW and Mercedes Car Owners

Car Owner Group		Predicted Group Membership		Total
		Thai owner of BMW	Thai owner of Mercedes	
Count	Thai owner of BMW	67	8	75
	Thai owner of Mercedes	4	70	74*
%	Thai owner of BMW	89.3	10.7	100
	Thai owner of Mercedes	5.4	94.6	100

91.9% of original grouped cases correctly classified.

* Information for one BMW respondent not available. shows missclassification

The null hypothesis that discriminant function is not a good fit is rejected. Therefore, DF is a good or reliable model. In other words, the consumer decision model can be used in classifying correctly 89.3% of BMW car owners and 94.6% of Mercedes car owners in Thailand. The attributes that are composed in the model are the must-have attributes that 89.3% of BMW car owners and 94.6% of Mercedes car owners' use in their purchase consideration.

The remainder of this chapter will discuss the key issues addressed in interviews with car dealers and owners and the focus groups with the car owners in Bangkok.

8.6. 'Must Have' Attributes of a New BMW and Mercedes Car

In congruence with the findings from factor analysis (see Section 8.4, Figures 8.2 and 8.3 p140-141), there was a common agreement between car dealers and owners of the two marques that the main attributes of BMW cars were *performance*, *technology*, and *design*. The Mercedes dealer staff added *level of equipment* to BMW's important attributes, which confirms that BMW is a predominantly functional oriented luxury car.

The main attributes of Mercedes cars are *durability*, *reliability*, and *safety*. Mercedes cars are also seen to have *value* by BMW dealers, and Mercedes dealers add *space* and *elegance* to Mercedes attributes. It is noticeable that both sets of dealers focused on the products' technical and functional attributes rather than the 'emotional' or 'image' dimensions of the brand. This implies that BMW purchase is at the 'rational' end and Mercedes purchase is at 'emotional' end.

Both sets of car owners confirmed the dealers' perceptions of BMW and Mercedes cars' attributes. BMW car owners added *safety* and *exclusivity* as significant factors in their purchase criteria. A BMW car owner described the linkage between the cars' performance and handling with its safety:

Performance and handling secures Safety

I think Mercedes is not very responsive, and could cause accident more easily than BMW... BMW has much better road handling and traction... Indeed, I once had a race on a highway and I made a hard turn at 120mile per hour. My car was spinning but then I still had control over it, and believe it or not, I did not have an accident. Several years before, I had a quick sharp turn with Mercedes even at slower speed, I lost control and I crashed. Fortunately, I was not hurt because Mercedes has a very solid body. However, would you say Mercedes is as safe as BMW. It is the technology we are talking about here. Safety technology should prevent an accident happening in the first place.

(Hospital Deputy Director)

In this sense, it is the BMW's high performance, better handling, and high technology that helps create or maintain the driver's perception of safety. Another BMW car owner linked the cars' responsive handling with exclusivity:

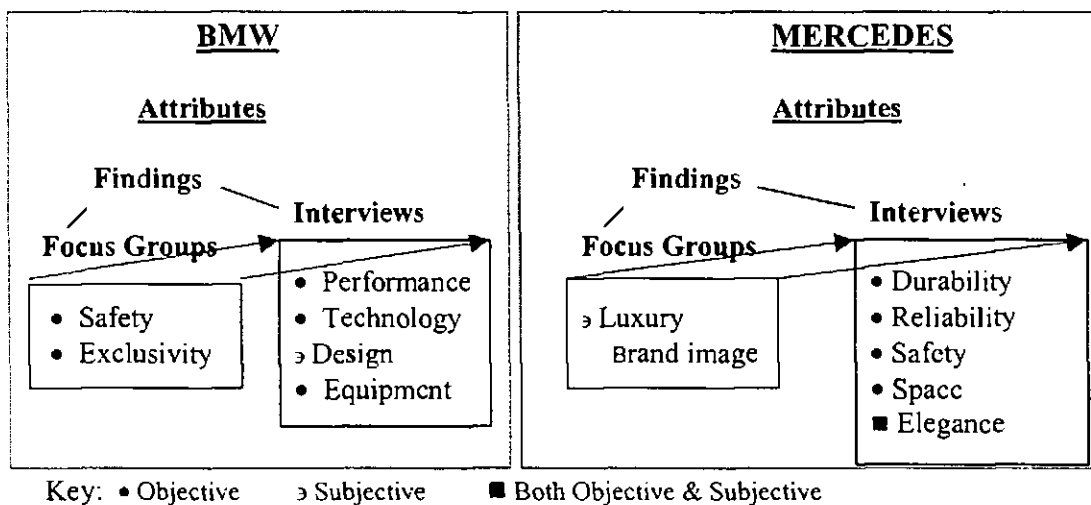
Exclusivity

I wanted a sporty saloon, which was not a Japanese car, but a car which was as luxury as a Mercedes saloon. Therefore, BMW has always been the best choice for my needs... My father was willing to spend 4 million baht instead of buying a Mercedes because he had always been a BMW fan. He was quite knowledgeable about the history of cars. Of course, he loved Ferrari and Porsche but BMW was a much more affordable and practical reality. He never dreamed of buying a Mercedes. We have not got any Mercedes car at home.

(Budget Analyst)

Whereas both BMW and Mercedes car owners had strong positive attitudes towards BMW's performance, handling, technology, design, and level of equipment, Mercedes car owners failed to add further information. An explanation for this may be perceived parity in terms of luxury and quality and in terms of technical attributes such as durability, safety, security, technology, and reliability (see Figure 8.6).

Figure 8.6. BMW and Mercedes Car Owner: Additional Purchase Criteria



Mercedes car owners preferred Mercedes' reputation for elegance and luxury brand image over high performance and handling. These attributes are very important for Mercedes car buyers (the majority of luxury car buyers) in Thailand, as explained by the Mercedes car owners:

Collectivist buying 'Aspiration/Group Membership'

Imagery → identity seeking → Elegance

...When those 'millionaires', 'millionaire-to-be', or 'millionaire wannabes' think about buying an elegant saloon, they picture the imagery of a wealthy businessman sitting comfortably on the back seats and looking respectable. In this case, a sporty brand image like BMW would not serve the purpose, but Mercedes will do perfectly ...

(Air Force Lieutenant)

Status marking → Elegance

... Mercedes company is very concerned with being prestigious and exclusive that it always takes a fresh look at the needs and demands of discerning audience. Its lines look simple, elegant, and not aggressive, and thus luxury in a reputable way. I like Mercedes because it is always an ideal companion you can take anywhere: business trip, gala dinner, family visit, or private outing, and will guarantee social respect and admiration... I gain acceptance from people who are richer than me and gain admiration from those who are the same or lower in status...

(Export Production Manager)

Face Saving leads to importance of Brand Conscious and Luxury Brand Image

...Luxury car buyers do not really care who innovates the equipment first... I purchased Mercedes because of the three-point star symbol (nothing to be shy about). Rather, I am proud that I can afford it and enjoy it... I am not showing-off but... Well! I have got a big house and a luxury condominium unit in the city, several holiday homes, a yacht, and not to mention several Rolex watches. My face is important so that my business associates and clients need to look up to. Being that wealthy, I am expected to use the most expensive brand in the market...

(IT Tutorial School Owner)

The focus groups demonstrated a clear difference between Mercedes and BMW car owners. Whilst BMW owners valued above all the tangible attributes of BMW (including performance, handling, safety, technology, design, level of equipment), Mercedes owners valued the intangible assets of Mercedes cars (including brand image, status, elegance). Accordingly, BMW car owners value the car's *technology* and *performance*, which underpin their driving experience and involvement. BMW car owners are knowledgeable and rational, comparing technical specifications across marques and purchase on the combination of an *image of sportiness* and *technology*. In contrast, Mercedes drivers act on the basis of emotion and experience – the brand representation of *an icon of prestige and status*.

8.7. Loyalty and Repeat Purchase Pattern: Car Owners

There are mainly two forms of BMW car owners' loyalty as shown in the pattern of: *horizontal purchase* (purchase of a car from the same car range) and *vertical car purchase*² (purchase from one of the upper ranges). The survey data show that 27 car owners consider vertical purchase (these car owners would replace their car with a car

from a higher range), 18 of the car owners considers horizontal purchase [these car owners would replace their car with a car with bigger engine from the same range], and 10 car owners consider a downward purchase (lower range) for their next car, whereas 8 car owners consider a switch to another marque. There are also 6 car owners who would repurchase the same car model. In terms of horizontal purchase, BMW 5 Series and BMW 7 Series owners tend to replace their cars with cars from the same range but probably with a bigger engine particularly to gain better performance and a higher level of equipment for the price. For example, some may replace BMW 523i (2.3 litre engine) with BMW 528i (2.8 litre engine) both of which come from the BMW 5 Series range, and some may replace BMW 728i (2.8 litre engine) with BMW 740i (4.0 litre engine) both of which come from the BMW 7 Series range.

In terms of vertical purchase, owners tend to replace their BMW 523i or 528i with 728i or 740i as they become older or richer and want a bigger car. These groups of owners also tend to own other car marques, but these cars are less likely to include Mercedes. BMW car owners' horizontal repeat purchase pattern is more prevalent than Mercedes car owners.

In contrast, there is only one predominant type of Mercedes car owners' loyalty pattern. This is *vertical purchase*. The survey data show that 44 out of 75 would consider vertical purchase (many car owners have had and will replace E Class cars with new cars from the higher S Class range), whereas 2 car owners consider horizontal purchase [they would replace their car with a car with bigger engine]. Only 5 considered a downward purchase for their next car, whilst 7 considered switch marques. There are also 17 car owners who have already owned the top car model in the range and thus would repurchase the same car model. Furthermore, both sets of dealers emphasised that Mercedes car owners would have to continue to use the brand for the rest of their lives in order to retain their "*faces*", prestige and status amongst their peer groups. Therefore, once a Mercedes car owner, always a Mercedes car owner.

² Vertical is different from repurchasing. Whilst repurchasing refers to purchase of the same car model from the same range, vertical purchase refers to purchase of a car from a higher/lower range (see Appendix 5 p209 and 211 for questions on customer loyalty and repeat purchase patterns).

The dealers' knowledge and experiences confirm strong loyalty to both marques. That is, BMW repeat purchase is both horizontal and vertical, whilst Mercedes repeat purchase is predominantly vertical.

There is also a cultural influence on buyer purchase decision. A BMW car owner described "uncertainty avoidance" and 3 BMW car owners described "collectivist buyer behaviour" exemplified by Mercedes car owners as follows:

Uncertainty avoidance

...Thai people follow what it is believed to be the best by the majority. Mercedes is the safest, luxury product in the society. That is, the buyer will not be disappointed with it. The owner would surely be awarded a prestige and status by their peer groups and others in society. It presumably is an identity marker on its own in terms of success and wealth...

(Project Co-ordinator)

Collectivist buyer behaviour

...Most successful businessmen, predominantly of Chinese origin, and politicians would own Mercedes, and the most recent or most expensive mobile phone and wear a Rolex watch... I think Mercedes-Benz has had such imagery for a long long time. Thus, it has become a norm a contemporary millionaire will follow... Also, if the majority of Thais did not purchase BMW, they would definitely not spend two million baht and over for a Japanese car like Lexus...

(Marketing Manager)

... It is the societal value that upholds Mercedes image. Thai people think Mercedes is luxury. You see Mercedes, you discern luxury. With my experience, Mercedes loyal customers are not very knowledgeable about cars. If you ask people if Mercedes cars are expensive, they would spontaneously say "Yes". But how expensive are they really? Only a few of them would know the exact or even estimated prices for particular models...

(Hospital Deputy Director)

...Yes, I absolutely agree. From an Asian viewpoints, most of them think Mercedes is better because of its luxury image-the three point star badge which looks much more desirable than BMW's kidney grilled front... Mercedes is perceived to be even more expensive than it actually is. I have a good example. I have two police friends. One has just got promoted to a higher rank, so he replaces his Honda with BMW 5 Series. The other one has not been promoted, but simply replaces his Honda with a Mercedes C Class. Everyone thinks he got promoted simply because he has a new Mercedes. Whereas, in fact, the 5 Series is much more expensive than the C Class...

(Police Lieutenant)

The dominance of collectivist group conformity in Thai culture and its influence on car purchase decisions is also supported by the questionnaire findings, as shown in Table 8.8.

Table 8.8. Car Owner Perception of Collectivist Influences of the Two Marques

		BMW (%)	MB (%)	Findings
Group Conformity	Very Important	-	3.8	It is important for Mercedes car owners (but not for BMW car owners) to drive the same cars as their peer groups.
	Rather Important	-	48.8	
	Rather Unimportant	56.0	-	
	Not Important At All	18.7	-	
Car's Social Image	Very Important	9.3	18.0	The social image of BMW and Mercedes cars are very important.
	Rather Important	45.3	36.0	

Therefore, the collectivist purchasing behaviour is borne out by (1) the sales figures (see Chapter 4, Table 4.3 p70 and Figure 4.3 p71) and (2) findings from the questionnaire, interviews, and focus groups presented above. For those seeking symbolic benefits such as status and brand name, Mercedes is the first car of choice. A Mercedes car owner described:

... More Mercedes have been sold than BMW in Thailand should imply that the Thais associate luxury products with prestige, elegance, brand name, and traditional values which is conformity to the group. That is to say Mercedes presents social status in the society and has elegant design at the same time. Therefore, Mercedes is always the first choice in Thai consumers' mind all the time...

(Sales Manager)

The image of Mercedes has an interaction with the car owners. Customers/car owners 'make' and self perpetuate the luxury/status/prestige position of Mercedes in Thailand:

...I believe owners of BMW 7 Series can even drive the cars by themselves, and would not be mistaken for being a chauffeur. The image of BMW allows its owner to be casual. On the other hand, owners of Mercedes S Class would sit on the back passenger seats and relax. If they want to drive the car on their own, they *must* wear a gold Rolex watch. Otherwise, they will easily be mistaken for being a chauffeur, no matter how they dress...

(Police Lieutenant)

It is a virtuous circle that consumers/customers endow or embrace the marque with these values. It is the local consumers who have social pressures and thus conform to the group buyer behaviour in order to avoid uncertainty (see Chapter 4, Section 4.5 p67). As a result, they become brand conscious consumers who allow intangible attribute to dominate the product's core attributes. In this case, emotion is more powerful than rational criteria.

The findings confirm Hypothesis 2:

The effect of collectivist purchasing behaviour will be greater when cultural individualism is low than when individualism is high.

A number of variables or criteria have been generated from an analysis of the perceptions and attitudes of the dealer staff and customers of each marque. These variables proved reliable because they represented the universal perceptions of the dealers and car owners. Using three of the theoretical concepts explored in this study: Fishbein's behavioural intention model (1967) [discussed in Chapter 3], Park, Jaworski, & MacInnis' Strategic Brand Concept-Image Management (1986), and Hofstede's cultural dimension (1984a; 1984b; 1988; 1991; 1997) [discussed in Chapter 4] to address the findings, Figure 8.7 can be drawn and represents two types of buyer behavioural intentions to purchase new BMW and Mercedes cars in Thailand.

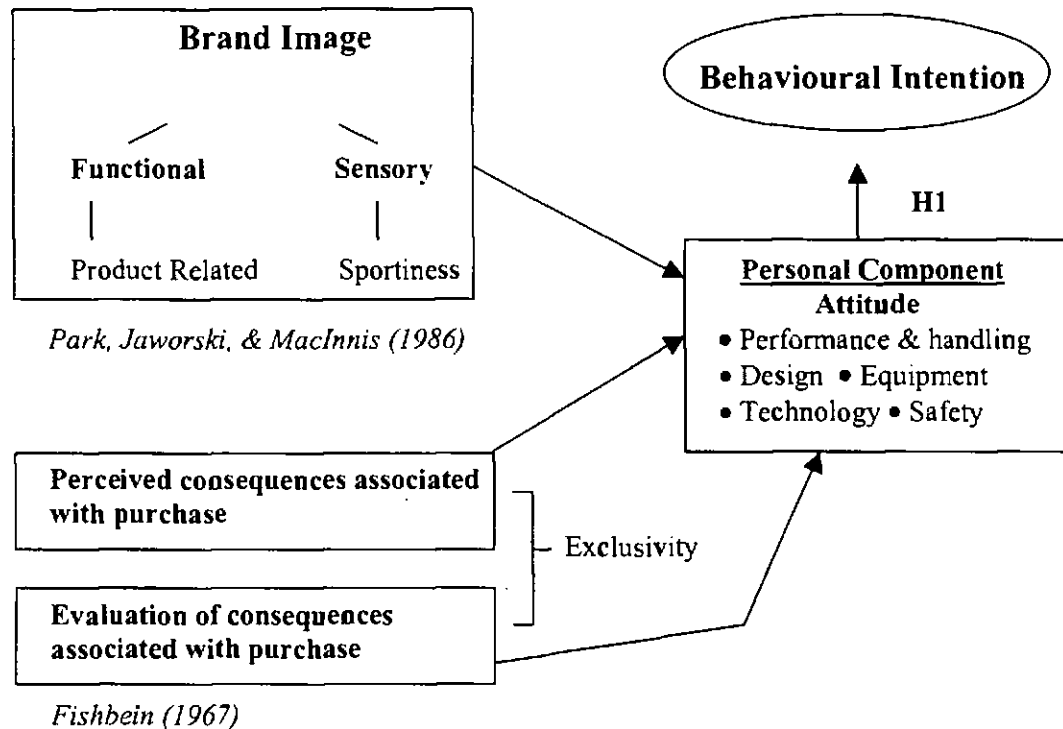
The decision to purchase or not to purchase a product is influenced greatly by the individual's intention to purchase the product or not. The Fishbein model (1967) explains how this intention is formed. It proposes that behavioural intention is influenced by two factors:

- “• the individual's attitude towards the act of purchasing the product and his belief about the consequences of this act, which represents the personal component” (Ajzen and Fishbein, 1980, p5-9);
- “• a subjective norm characterising what the individual perceives to be the attitude of important “others” towards the act of purchasing the product, and the motivation of the individual to comply with that attitude, that is the social component of the intention. In other words, a person forms intentions to behave or not behave in a certain way, and these intentions are based on the person's attitude toward the behaviour as well as his perception of opinions of significant others.” (Ajzen and Fishbein, 1980, p5-9)

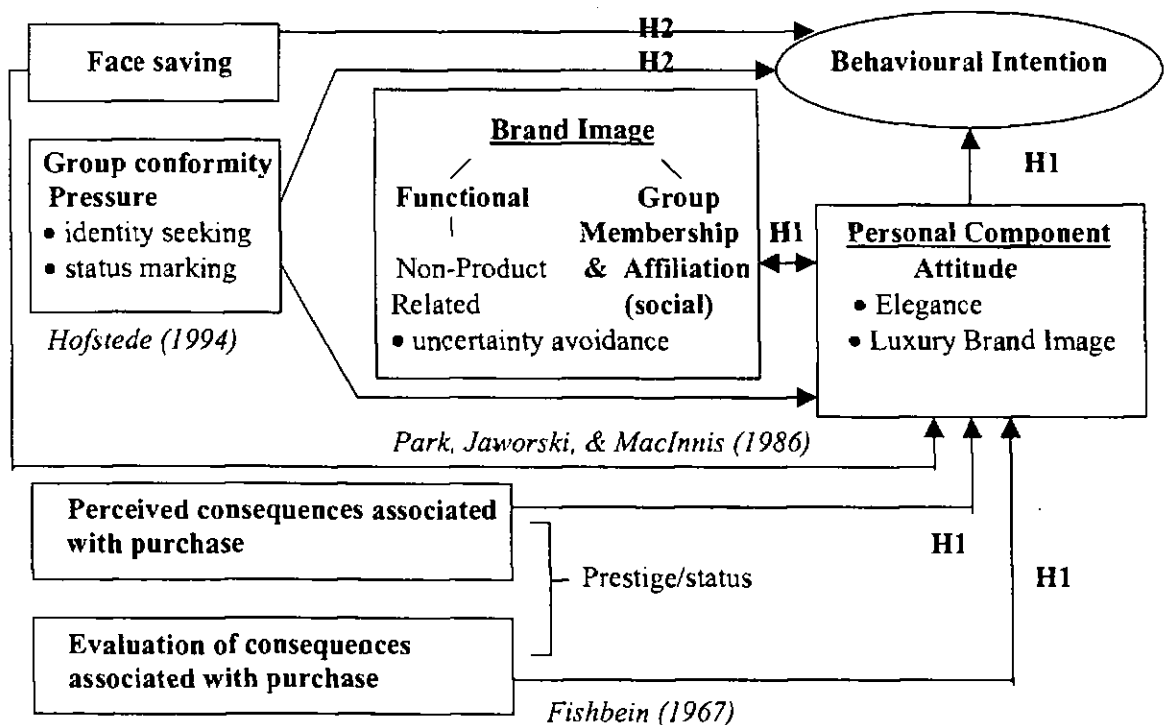
The analysis of these qualitative findings has supported the writings in cross-cultural consumer behaviour (e.g., Gregory, 1997; Kindel, 1983; Lee, 1990; Lee and Green, 1991; Redding, 1982; Schutte and Ciarante, 1998). The main argument is that the Fishbein's model falls short because the social component assesses the subjective perceptions of others' opinions rather than the social pressure of those opinions. This

Figure 8.7. Buyer Behavioural Intention of BMW & Mercedes Car Owners in Thailand: Focus Group Findings

BMW Car Owner: Weak Collectivist

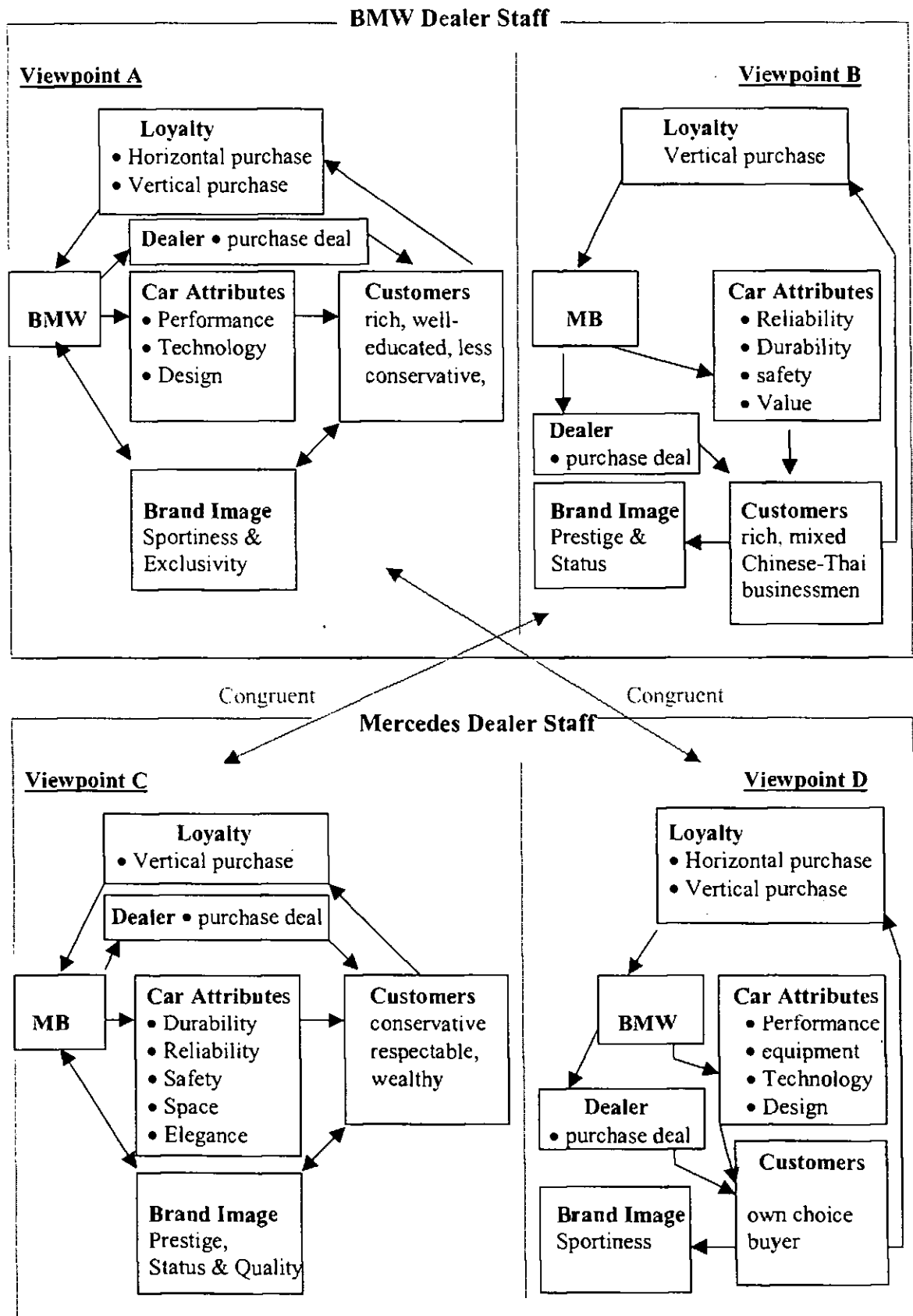


Mercedes Car Owner: Strong Collectivist



(The importance of the dimensions is shown in Table 8.8)

Figure 8.8. A Comparison of Dealer Staff Perception in Thailand



can be seen from the behavioural intention of Mercedes customer in Figure 8.7. Mercedes car owners buyer behavioural intentions are greatly influenced by the social influences of group conformity and “face-saving” pressures. These influences are specifically found in those cultures influenced by Confucianism, which is categorised as a cultural characteristic in countries low in individualism (Hofstede, 1994, Hofstede and Bond, 1988; Lee and Green, 1991). Therefore, the social component of Fishbein’s model appears to require modification when applied to the majority of consumers of luxury cars in Thailand.

In the qualitative findings in this chapter, the most significant social influence factors in purchasing Mercedes cars in Thailand comprise group conformity pressure (that is, identity seeking and status marking) and “face-saving”. The social component and the factors contributing to it are replaced with the “face-saving” and group conformity pressures put upon Mercedes customers. Face-saving pressure is more than thinking about and complying with others, since it is a reflection of one’s own role in comparison with others. Face-saving is especially important to Mercedes customers because their purchase is a purchase of a socially visible product, which is determined by the status of the person. Group conformity, on the other hand, depends upon the person’s group orientation and his/her perception of the importance of group norms.

The buyer behavioural intentions of both marques in Figure 8.7 then suggest that:

Mercedes car owners are more “collectivist” oriented than BMW car owners.

Recognising the influence of social factors (identity seeking and status marking) on personal attitude, a causal link between these two social components and the formation of buyer attitudes towards brand images of luxury cars suggested by Park, Jaworski, and MacInnis (1986) can be established. Whereas buyers associate BMW with two types of brand components or facets: functional (product-related or technical attributes) and (hedonistic or experiential) sensory gratification with no prevalence of “face-saving” and weak group conformity pressure, Mercedes buyers associate themselves with the functional (non-product related/non-technical attributes as a way of avoiding uncertainty) and simultaneously gaining group membership and affiliation (social). This applies particularly to face-saving pressures because of the link between the concept of face and the personal sense of fear of uncertainty in purchasing. For

example, as argued in the focus groups, if a Mercedes car owner does not conform to the group, the integrity of his character will be in doubt.

So far, this chapter has outlined car owner perceptions of BMW and Mercedes in Thailand. Figure 8.8 depicts the main perceptions of BMW and Mercedes dealers. In the top half of Figure 8.8, viewpoint A represents perceptions of BMW cars and their owners and viewpoint B represents their perceptions of Mercedes cars and owners. In the lower half of Figure 8.8, viewpoint C represents perceptions of Mercedes cars and their owners and viewpoint D represents their perceptions of BMW cars and their owners. The figure clearly shows a high degree of congruence: Mercedes dealer staffs' views on BMW match those of BMW dealers and, similarly, BMW dealer perceptions on Mercedes match those of Mercedes dealer staff perceptions of Mercedes. The common perception of the marques extends to car owner characteristics, brand images, car owner loyalty and criteria for dealer selection of their own marques and the marque they did not own.

8.8. Conclusions

This chapter provides empirical support for the following hypotheses:

H1 Buyer attitude is related to buyer intention which influences buyer behaviour.

H2 The effect of collectivist purchasing behaviour will be greater when cultural individualism is low than when individualism is high.

There was no significant difference in age, gender, income, marital status, and occupation between the BMW and Mercedes car owners. Age, gender, income, marital status, and occupation were found to be similar for both marques and as such have no influence on the new BMW or Mercedes car choices in Thailand. The point is there is an overall association between car buyers' attitudes, intention and behaviour. The salient beliefs, attribute linkages, and evaluative beliefs are significantly associated with the buyers' behaviour. However, even though there is an association, yet the attributes associated with buyer behaviour are different for the two marques.

There are three significant purchasing factors of new BMW cars: performance, status, appearance; whilst there are two significant purchasing factors of new Mercedes cars: everythingness and performance. The everythingness factor includes seven intangible attributes and four tangible attributes. This implies that BMW car owners are predominantly tangible-attribute (performance, sporty, and level of equipment) oriented, whilst Mercedes car owners are predominantly intangible-attribute (elegance, desirability, modern, exclusive, prestige, classic, expensive, luxury brand image) oriented. These factors were used for a formulation of a consumer decision model of a new BMW or Mercedes car, which indicates 'must-have' attributes that Thai car owners of the two marques would use in their purchase consideration. The model is composed of all three facets of brands in rank order including image (luxury brand image), emotional (elegance and desirability), and functional facets (performance and level of equipment). Luxury brand image, elegance, and desirability are the three attributes that a new BMW or Mercedes luxury car must have. Whereas, performance and level of equipment are the two attributes that, though a luxury car of each of the two marques may have, are not considered to be must-have attributes for a new luxury car in Thailand.

In a high uncertainty avoidance culture like Thailand in which uncertain, ambiguous, or undefined situations are viewed as threatening and to be avoided (purchasing Mercedes which is comparatively a more popular brand than BMW which is an uncertainty avoidance in Thailand), brand image strategies should be congruent with (socially shared) brand image that is believed to be best in the society. Furthermore, culture with low individualism like Thailand is more amenable to social brand images that emphasise group membership and affiliation benefits than they are to sensory or experiential brand images.

The focus of this thesis now moves to the UK findings in the next chapter.

Chapter 9: Dealer and Customer Perception of BMW and Mercedes in the UK

9.1. Introduction

The previous chapter provided an account of the analysis of data collected in Thailand. This chapter discusses findings from the data collected in the UK. The quantitative research findings confirm Hypothesis 1, while both qualitative and quantitative research confirm Hypothesis 2. This chapter commences with profiles of BMW and Mercedes car owners in and around London showing that, unlike in Thailand, age, income, and occupation do determine choices of new BMW and Mercedes cars. This is followed by an investigation of an association of both sets of car owner attitude, intention and behaviour, which confirms Hypothesis 1 of this study leading to an investigation of factors underlying the purchasing behaviour for the two marques. However, the UK data does not lend itself to principal component or discriminant analysis, since the questionnaire was modified to facilitate co-operation of British respondents. Instead, simple statistical analysis and a test of significance for differences in percentage of respondents selecting the four most important attributes of their own marque are conducted. Finally, the chapter presents the findings from the qualitative and quantitative research that leads to a confirmation of Hypothesis 2 of this study.

9.2. Dealer and Car Owner Profiles

Chapter 7 proposed that semi-structured face-to-face interviews and structured questionnaire survey to be employed in the UK fieldwork. The overall motivation of these two methods is to maximise the opportunity to gain different perspectives of the criteria associated with car owners' perceptions of new cars of the two marques; and to compare and contrast these findings with Thailand. This section presents profiles of samples used in these researches respectively.

First, a face-to-face interview lasting approximately 15-20 minutes was conducted with the dealer staffs listed in Table 9.1 and 20 structured questionnaires for each marque were mailed to the dealer staffs as shown in Table 9.2 during February and March 2000.

Table 9.1. Samples used in Semi-Structured Face-to-Face Interviews with Car Dealers in Inner and Greater London

Location	Group Size
L & C Croydon (BMW), in the Greater London	1 dealer staff (Marketing Manager)
Sytner (BMW), in the City of London	7 dealer staffs
Hughes of Beaconsfield (Mercedes), in North of London	7 dealer staffs
Total Unit	15 dealer staffs

Table 9.2. Samples of Car Dealers used in Structured Questionnaire Survey in Inner and Greater London

Location	Group Size
Prophets Gerrards Cross, a BMW dealer in the north of London	16 dealer staffs
Bradshaw & Webb, a Mercedes dealer in the City of London	6 dealer staffs
Total Unit	22 dealer staffs

In addition, a self-completion questionnaire survey with 50 car owners of each marque was conducted around the M25 area of the north of London during April and May 2000: particularly Beaconsfield and Gerrard Cross, home to the most successful dealerships of each marque (BMW GB; Mercedes-Benz UK), and to the richest cash millionaires in Britain (Watson-Smith, 2000).

Next, BMW and Mercedes car owners' demographic profiles were compared in order to:

- draw similarities and differences between samples of the two marques;
- investigate whether socio-economic demographic variables predominantly influence buyer purchase decisions of new luxury cars in the UK.

The car owners' profiles are presented in Figure 9.1.

The findings from car owners' data are as follows:

- a combination of age, income, and occupational status influences selection of new BMW and Mercedes cars.

Occupation influences the choice of car model or range. Older car owners tend to have higher occupation position and income, and thus tend to purchase car models from higher ranges e.g., BMW 7 Series or Mercedes S Class. Owners who choose cars from the lower range, for example, further analysis of age statistics shows that BMW 5 Series or Mercedes E Class are: (1) people from similar age groups as Mercedes S Class car owners (e.g., 25-44 and 45-64 years old) but with higher occupation position, and (2) those who are retired.

Figure 9.1. UK Car Owner Respondents' Profiles

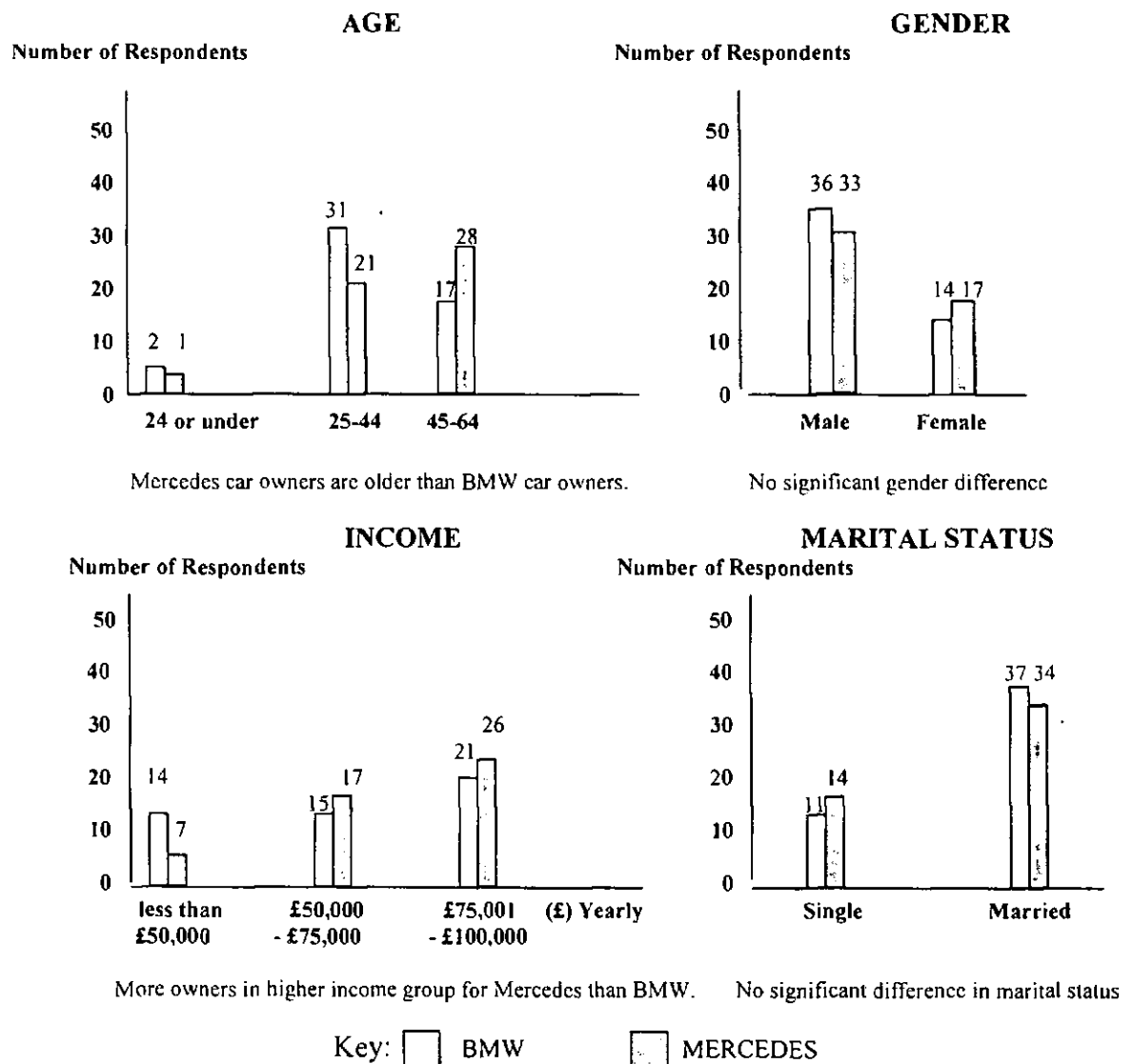


Figure 9.1. UK Car Owner Respondents' Profiles (continued)

BMW Car Owners' Occupation

Business & Finance	19
Management	12
Sales & Services	8
Computer & Mathematical	5
Engineer	2
Social Services	1
Legal	1
Transportation	1
Student	1
Total	50

BMW Car Owners' JobTitle

Director	22
Self-employed	10
Manager	8
Consultant	5
Accountant	2
Engineer	2
Legal Student	1
Total	50

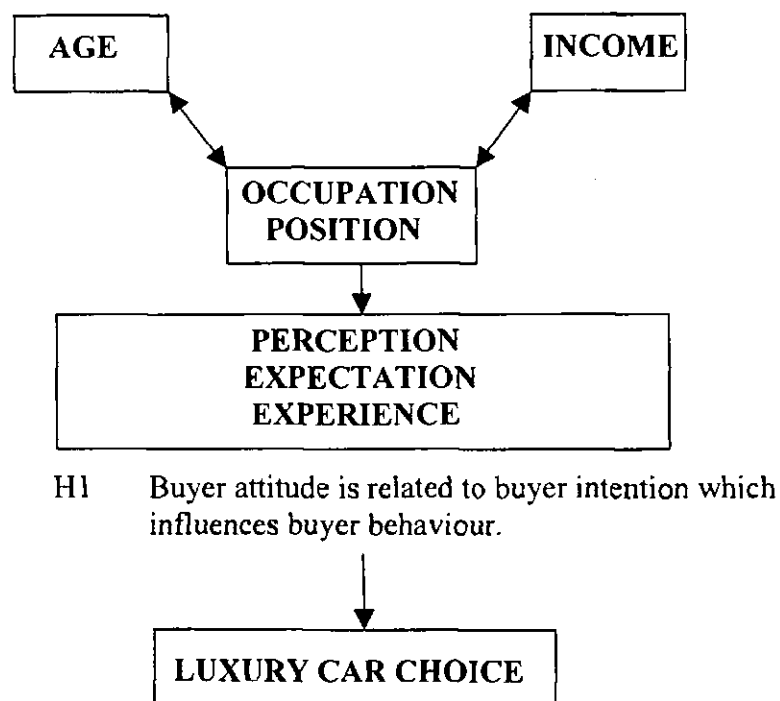
Mercedes Car Owners' Occupation

Sales & Services	22
Management	11
Computer & Mathematical	5
Business & Finance	4
Health Care	4
Legal	3
Transportation	1
Total	50

Mercedes Car Job Title

Director	21
Self-employed	8
Manager	7
Consultant	3
GP/Doctor	3
Solicitor & Barrister	2
Administrator	1
Engineer	1
Total	50

Figure 9.2. Hypothetical Construct of Influences on Decision Making for New BMW and Mercedes Cars in the UK



The findings from car owners and dealers of both marques, then, enabled the study to draw a hypothetical construct of BMW and Mercedes car owner characteristics and purchase decision making criteria in the UK, which is represented in Figure 9.2.

The next section will discuss the association between the association between car buyer attitude and buyer behaviour.

9.3. UK Car Buyer Attitude, Intention and Buyer Behaviour

Ajzen and Fishbein (1980) suggest that attitudes consist of three components: (1) salient beliefs, (2) object attribute linkages, and (3) evaluation/actual rating (see Chapter 3, Section 3.2.2 p43-45 for Fishbein's behavioural intentions model; Chapter 7, Section 7.5.1 p123 and Table 7.4 p128 for the division of criteria and selection of the components). The aim of employing this framework is to test how far attitude influences purchase selection (behaviour). Therefore, current BMW and Mercedes car owners were asked about what determines the choice of their next car (e.g., experience of usage, attitude, the car's technical and non-technical attributes, etc. see Table 7.4 p128).

Using the same allocation of attributes to these three components adopted for Thailand (see Chapter 8, Section 8.3 p136), the relationship between the attitude and behaviour was established by a cross-tabulation between the attitude components and behavioural intention. The cross-tabulation showed that the four most important criteria influencing choice of next BMW cars in rank order are all salient beliefs including: (1) reliability (70%), (2) design (54%), (3) performance (50%), and (4) traction/handling (28%). Similarly, the four most important criteria influencing choice of next Mercedes cars are all salient beliefs including: (1) reliability (42%), (2) design (34%), (3) brand image (32%), and (4) manufacturing quality (14%).

The chi-square statistic was then used to determine the association between these attitude components and behaviour. The results of this analysis are shown in Tables 9.3 and 9.4.

Table 9.3. Association of Buyer Salient Beliefs with Buyer Behaviour

Expected counts are shown below observed counts

<i>Buyer Behaviour</i>	Reliability	Design	Performance	Traction /handling	Brand Image	Manufacturing Quality	Total
BMW	70 68.48	54 53.80	50 34.24	28 25.68	12 26.90	22 26.90	236
Mercedes	42 43.52	34 34.20	6 21.76	14 16.32	32 17.10	22 17.10	150
Total	112	88	56	42	44	44	386

Chi-sq = 0.064 + 0.002 + 18.67* + 0.54 + 21.24* + 2.30 =
42.82**

* most important criteria ** significant at 1% level of chi-square with 5 degree of freedom
 For individual attitude component,
 Using: degree of freedom , level of significance , critical value (from tables)
1 0.05 3.841
(Murdoch and Barnes, 1999)

Table 9.4. Association of Attribute Rating with Buyer Behaviour

Expected counts are shown below observed counts

<i>Buyer Behaviour</i>	Changes in Design	Up-to-Date	Classic & Traditional	Technical Development	Total
BMW	74 64.23	62 71.04	38 35.03	80 83.69	254
Mercedes	58 67.77	84 74.96	34 36.97	92 88.31	268
Total	132	146	72	172	522

Chi-sq = 2.90 +2.24 + 0.49 + 0.32 = 5.95**

** significant at 1% level of chi-square with 3 degree of freedom
 For individual attitude component,
 Using: degree of freedom , level of significance , critical value (from tables)
1 0.05 3.841
(Murdoch and Barnes, 1999)

There is an overall association between car buyers' attitudes and behaviour. Two salient beliefs are significantly associated with the buyers' behaviour (having chi-square value greater than 3.841), which in rank order being (1) brand image (21.24) and (2) performance (18.67). However, even though there is an association, yet the attributes associated with buyer behaviour are different for the two marques. This confirms Hypothesis 1:

Buyer attitude is related to buyer intention which influences buyer behaviour.

Note that, in spite of overall association, the individual 'object attribute linkage' and 'attribute rating' components of attitudes do not appear to associate separately with buyer behaviour. This may be a reflection of choice of wide variety of cars and their availability. However, given the significant association between the buyers' salient beliefs and buyer behaviour, the importance of the attributes amongst the car owners was investigated by conducting simple statistical analysis and a test of significance for differences in percentage of respondents selecting important attributes of their own marque. The remainder of this chapter will discuss 'must have' car attributes of the two marques, which leads to the car owners' main determinants of their current and next cars, and car owners' loyalty and repeat purchase pattern. This is followed by a discussion on cultural individualist influences of the two marques.

9.4. 'Must Have' Attributes of a New BMW and Mercedes Car

There was a general agreement between dealer staff of BMW and Mercedes that the chief attributes of BMW are 'performance' and 'design'. BMW dealer staff added that the BMW's horsepower was aimed to provide 'driving experience'. Thus, 'safety', 'quality', and 'reliability' as well as 'style' also become important attributes.

The chief attributes of Mercedes cars are 'safety' and 'durability'. Mercedes dealer staffs added that 'manufacturing' (building quality), 'quality', 'electronics', and 'style' are the main attributes of BMW. However, Mercedes dealer staff preferred their marque's modern design and style to the sporty design and style of BMW cars. They commented that Mercedes cars whilst not performance oriented, were identified with a strong image of 'prestige' and 'status'.

In addition to the chief attributes of BMW and Mercedes cars identified above, the findings from the dealer questionnaire survey augment findings from the interviews and reinforce the profile of the two marques as consisting of both objective and subjective attributes. First, BMW main attributes include 'technology', 'use of electronics', 'security', 'durability', 'comfort', and 'reputation', which thereby makes BMW cars even broader than Mercedes cars in terms of technical or hard attributes. Second, Mercedes main attributes include 'security', 'comfort', 'elegance', 'technology', 'performance', and 'value'. Thereby, Mercedes cars are as strong as BMW cars in

terms of technical attributes and much broader than BMW cars in terms of non-technical or soft attributes - comfort, elegance, and value.

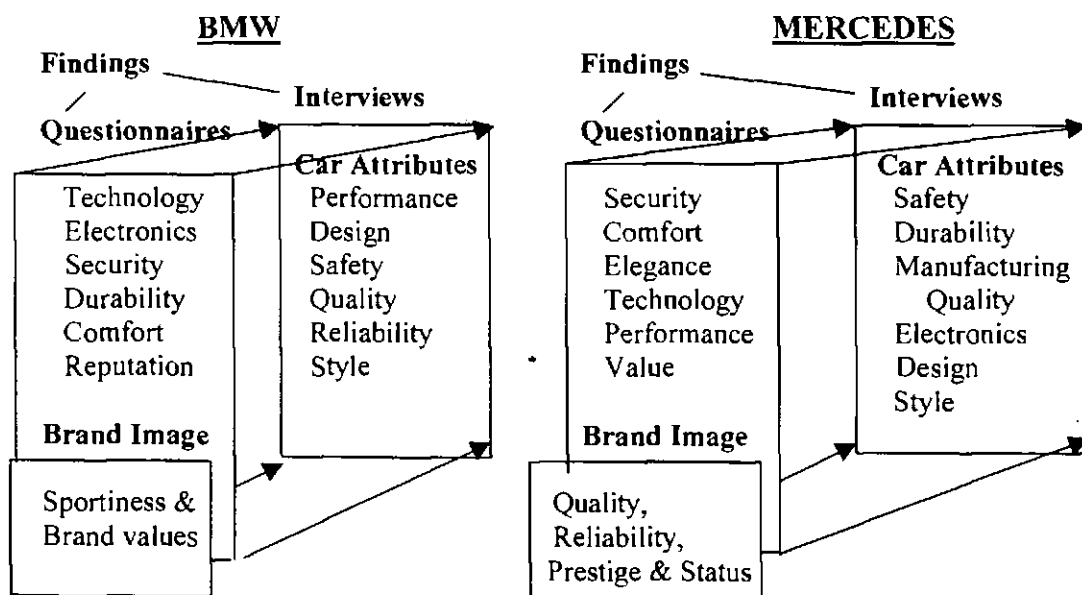
The findings from the interviews and questionnaire survey with the car dealers are presented diagrammatically in Figure 9.3. Both dealers suggested that BMW attributes above constituted the brand image/identity which are 'sportiness and brand values', and the Mercedes main attributes constituted the brand image/identity of Mercedes' which comprised 'quality', 'reliability', 'prestige', and 'status'. It was the 'three point star badge' that helped to communicate the value. A Mercedes dealer staff explained that:

car-conscious → prestige & status conscious → Mercedes

... It's everything really. When they are buying a luxury car, they've already had Mercedes-Benz in mind and then look at the model. It's a perceived icon everybody should aspire to gain one day. Mercedes, the company, tries to get into people's minds... Looking at Thailand, Mercedes' image is already strong there and most people would buy Mercedes... It's at the point where you are; what the rank or status says you are (to purchase a Mercedes car).

(Customer Care Manager)

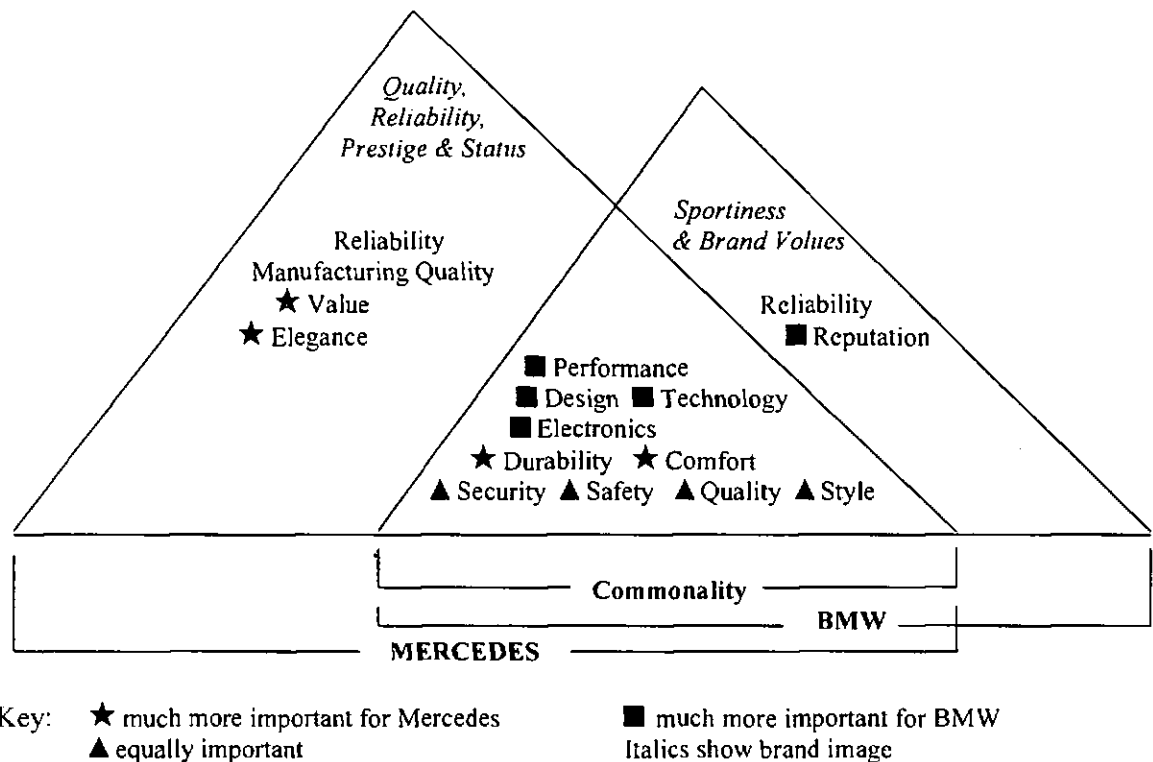
Figure 9.3. 'Must Have' Attributes of a New BMW and Mercedes Cars in the UK: Dealer Perceptions in rank order



Using the findings in Figure 9.3, the differentiated market perceptions of the two marques are diagrammatically shown in Figure 9.4. Mercedes represents an icon of

prestige and has broader appeal (in terms of both technical and non-technical: including emotional, image, and functional facets of the brand) than BMW, whilst BMW's appeal is mainly focused on driving experience (mainly technical attributes or functional facet of the brand).

Figure 9.4. Differentiation of BMW and Mercedes Cars' Attributes and Images



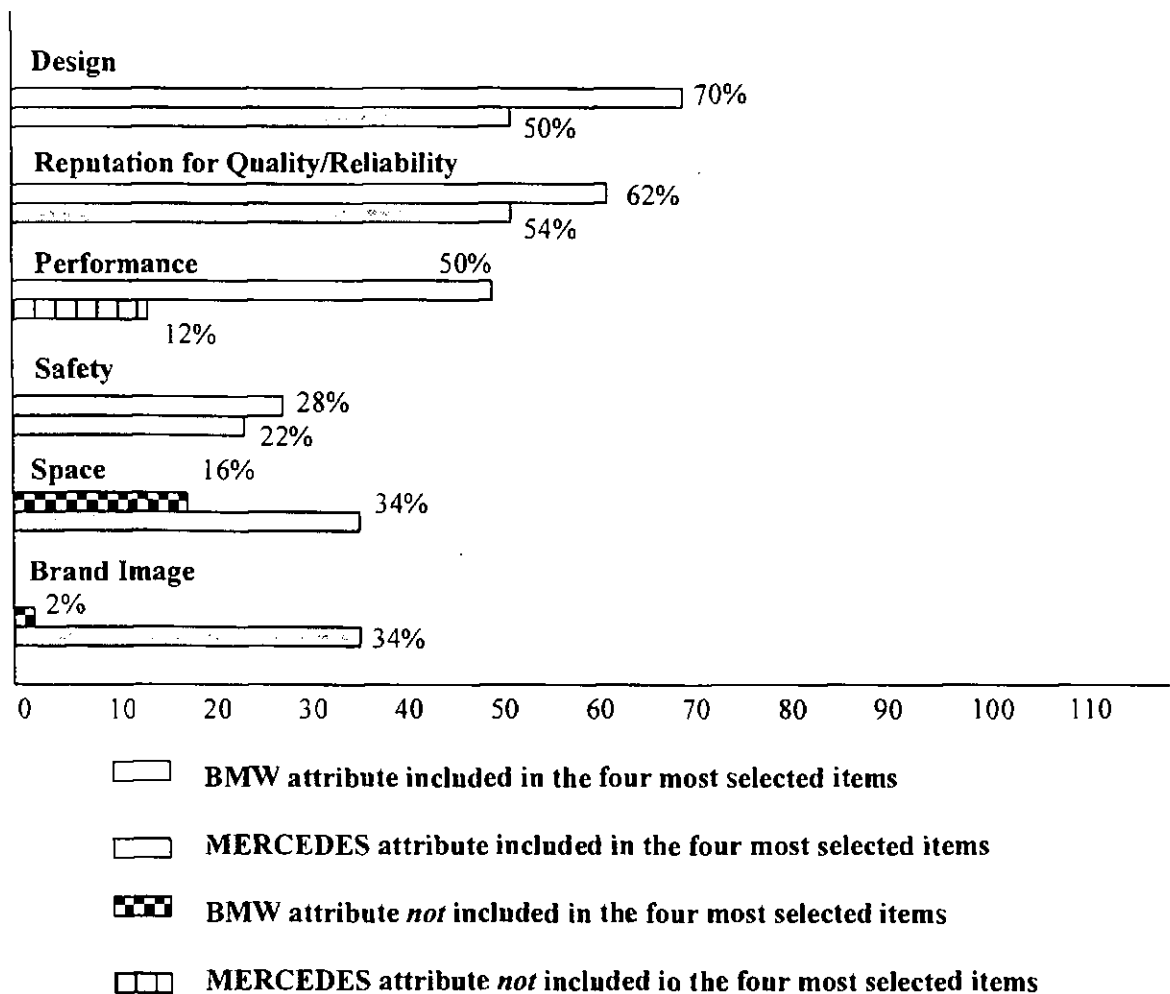
The hypothetical construct of influences on purchase decision making of BMW and Mercedes cars in Figure 9.2 suggests that car owners view car attributes from three perspectives: (1) perceptions, (2) expectation, and (3) experience. In other words, car owners hold perceptions towards both their current cars and towards their next cars. These perspectives influence criteria of car owners' selection of their own marque, which may include a number of dimensions, for example, cars' technical or non-technical attributes, prices or maintenance costs, brand images, and cultural influences on purchase decisions. Both sets of car owners perceive that their cars to have these dimensions. After they have used the cars for a while (experience), they may develop additional or different criteria and thus incorporate these into expectations of their next cars (see

Figures 9.5 and 9.6). The main determinants of owners' selection of their current and next cars are discussed next.

9.5. Main Determinants of Owners' Selection of Their Current Car

The four most important criteria influencing choice of current BMW cars in rank order are: (1) design (70%); (2) reputation for quality/reliability (62%); (3) performance (50%); and (4) safety (28%). The four most important criteria influencing choice of current Mercedes cars, in rank order, are: (1) reputation for quality/reliability (54%); (2) design (50%); (3) in joint third place - space and brand image (34%); and (4) safety (22%), presented in Figure 9.5 below.

Figure 9.5. Main Determinants of Owners' Selection of Their Current Car in the UK



Test of proportion for differences for the main determinants of owners' selection of their current BMW and Mercedes cars shows that 'design' and 'performance' are significantly important for BMW, whilst 'space' and 'brand image' are significantly important for Mercedes. However, though 'reputation for quality/reliability' and 'safety' were mentioned as one of the four most important attributes, they are equally rated for both marques (see Table 9.5 for test of significance).

9.6. Shift in Owners' Expectation of Current Car's Main Determinants to Their Next Car

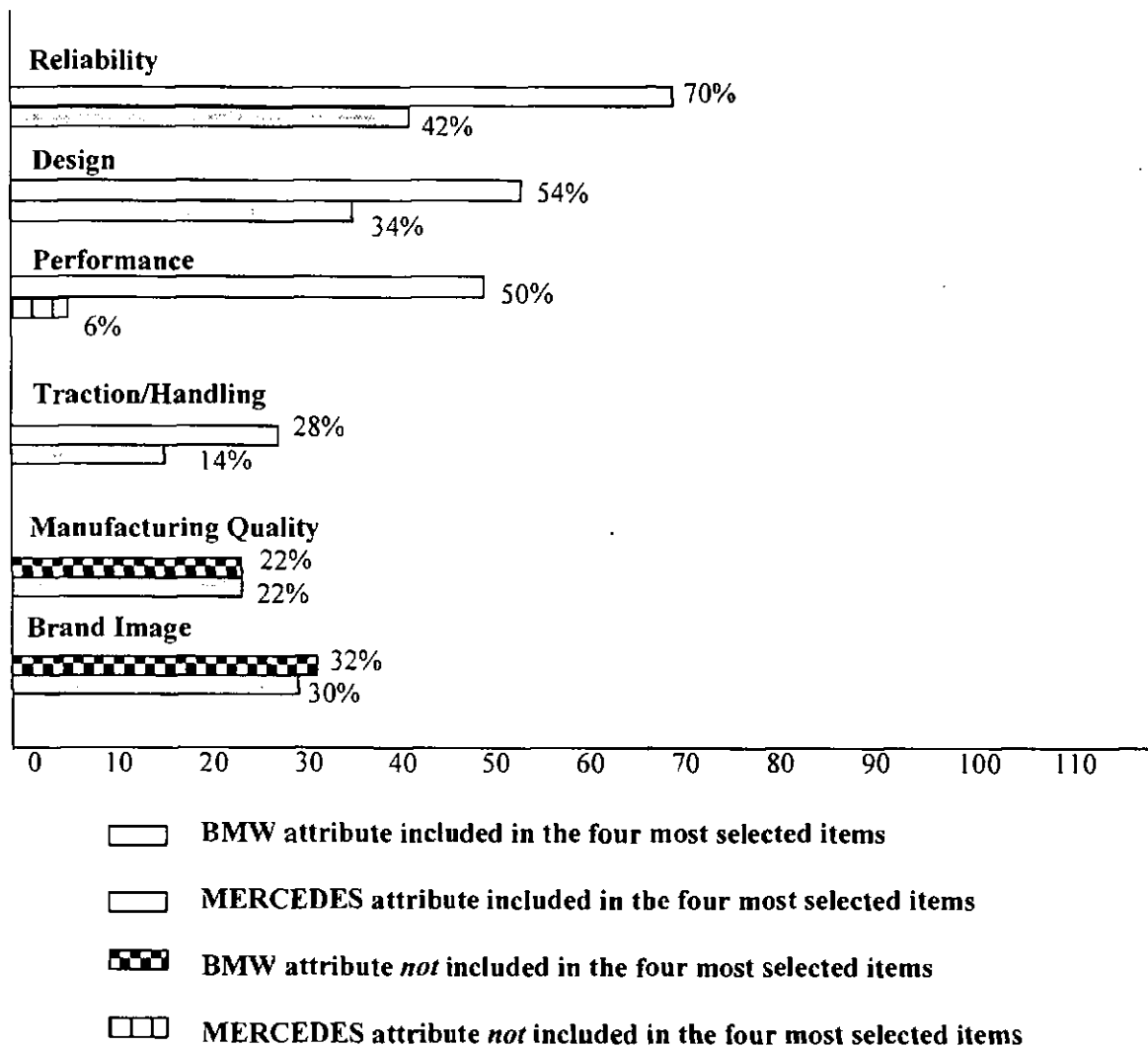
There is a shift in owners' expectation of current car to their next car. The survey data collected from the BMW car owners show that 23 out of 75 would consider a vertical purchase¹ (a car from an upper range), 12 considered a horizontal purchase (these car owners would replace their car with a higher car model (with bigger engine), 2 would repurchase their car with the same car model, and 4 considered a downward purchase (a car from a lower range) for their next purchase, whereas 9 considered switching marques. The four most important criteria, which influence BMW car owners' choice of a new car are: (1) reliability (70%); (2) design (54%); (3) performance (50%); and (4) traction/handling (28%) (see Figure 9.6). The survey data collected from the Mercedes car owners show that 18 out of 75 would repurchase the same car model, 8 would replace their car with a higher car model, 13 considered a vertical purchase, and 6 considered a downward purchase for their next car, whereas 5 considered switching marques. The four most important criteria influencing Mercedes car owners' choice of a new car are: (1) reliability (70%); (2) design (34%); (3) brand image (30%); and (4) manufacturing quality (22%) (see Figure 9.6).

Compared to the findings in Figure 9.5, there are three main differences. Firstly, significantly fewer Mercedes car owners selected 'design' (from 50% to 34%). Secondly, 'performance' was usually not perceived to be very important for the Mercedes car owners (see Figure 9.6), and it became significantly less important

¹ Vertical purchase is different from repurchasing. Whilst repurchasing refers to purchase of the same car model from the same range, vertical purchase refers to purchase of a car from a higher/lower range (see Appendix 5 p209 and 211 for questions on customer loyalty and repeat purchase patterns).

perhaps during their ownership (from 12% to 6%). Lastly, both BMW and Mercedes car owners added a new attribute: BMW car owners replaced 'safety' with 'traction/handling', and Mercedes car owners replaced 'safety' with 'manufacturing quality'. Traction/handling is the new term the BMW car owners used to define the responsive ride of their cars, while manufacturing quality is the new term the Mercedes car owners used to define the solidity of the body of the car assuring their safety. They have experienced these attributes during their ownership and they expect this from their next car. This confirms Figure 9.2 that car owners view their car attributes from three perspectives, which are perceptions, expectation, and experience.

Figure 9.6. Main Determinants of Owners' Selection of Their Next Cars in the UK



Test of proportion for the main determinants of owners' selection of the next BMW and Mercedes cars shows that 'reliability', 'design', 'performance', and 'my own choice' are significantly important for BMW, whilst 'cost effective to run and maintain', 'warranty', 'status', and 'admiration from others' are significantly important for Mercedes. However, though 'traction/handling' was mentioned as one of the four most important attributes, it is equally rated for both marques (see Table 9.5 for test of significance). So far, the findings presented in the last two sections are related directly to current ownership of BMW and Mercedes cars and future purchases. The findings include different criteria such as technical and non-technical attributes, prices and maintenance, and social influences (e.g., status and admiration from others). The car owners' loyalty and repeat purchase pattern of both marques was then investigated.

Table 9.5. Test of Proportion for Differences for Main Determinants of Owners' Selection of Current and Next Cars

List of Figures	Determinants	Z	Significance
Figure 9.5	Design	2.04	*
	Reputation for Quality/ Reliability	0.81	-
	Safety	0.69	-
Figure 9.6	Design	2.01	*
	Performance	4.90	**
	Traction/Handling	1.72	-

Key: * significant at 5% - not significant ** significant at 1%

Note: Test of proportion for differences is done only for the determinants selected by both BMW and Mercedes car owners as being four most important (see Appendix 15 for an example of test procedure).

9.7. Loyalty and Repeat Purchase Pattern: Car Owners

Section 9.6 shows the percentage of BMW and Mercedes car owners who consider horizontal purchase (same car range but with a higher car model), vertical purchase (upper range), downward purchase (lower range) for their next car, and those who consider a switch to another marque. The analysis provides an insight into loyalty patterns. The predominant type of BMW car owners' loyalty pattern is *vertical*. There was strong agreement between both sets of car owners that BMW customers repeated their purchases and that there was a progressive ladder of purchase starting with a BMW 3 Series moving up through the 5 to the 7 Series as BMW customers became

increasingly successful (12 car owners commence their loyalty from the BMW 3 Series, to 5 Series, and 7 Series; and 11 car owners commence their loyalty from 5 Series to 7 Series). In contrast, the predominant type of Mercedes car owners' loyalty pattern is *horizontal*. Mercedes car owners have a shorter progressive ladder of purchase than owners of BMW cars. The ownership of Mercedes cars tend to begin with a car model from the upper E Class to the top S Class ranges and may not move up further (only 3 car owners commence their loyalty from the Mercedes C Class, to E Class, and to S Class; whilst the other 47 car owners commence their loyalty from E Class to S Class). A Mercedes dealer staff commented that:

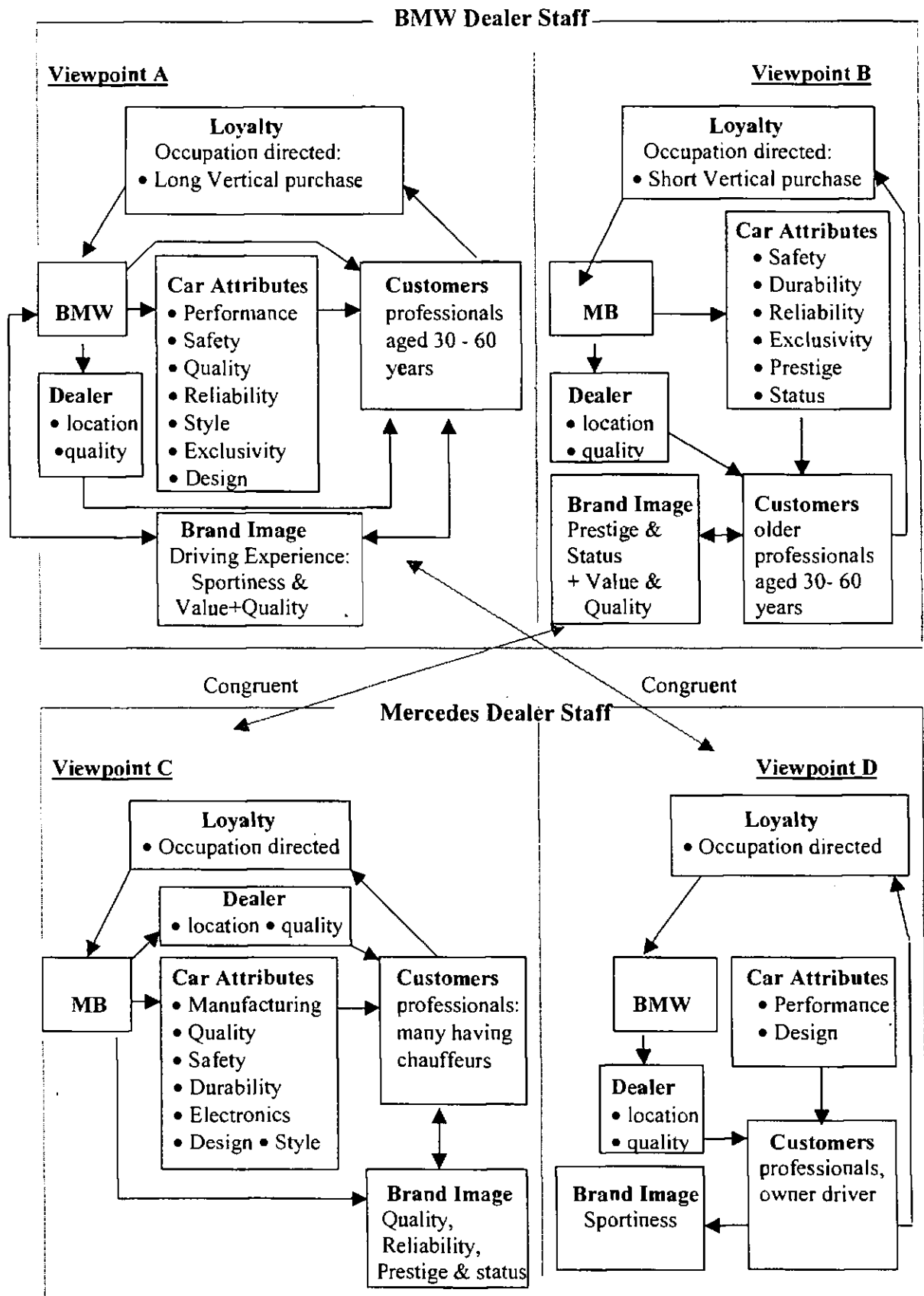
... people stick to the E Class rather than S Class because of its prestige and status. Although the highest status is the S Class, people see no necessity in replacing an E Class with an S Class, since they are both regarded as prestigious cars.

(Sales Executive)

It is interesting that BMW car owners exhibited a longer progressive ladder of purchase in terms of range and model than Mercedes car owners, as Mercedes in fact offers more varieties of car models and ranges than BMW does (JATO Dynamics). This supports Figure 8.4 that Mercedes represents an icon of prestige and has broader appeal (in terms of both technical and non-technical: 'in rank order' including *emotional*, *image*, and *functional* facets of the brand) than BMW, whilst BMW represents an image of sportiness and its appeal is mainly focused on 'driving experience' (technical attributes or *functional* facet of the brand). Given both sets of car owners became increasingly successful, Mercedes image is so strong that the car owners did not see any necessity to move up the model or range, whilst BMW car owners carried on moving up their car model and range for their image and driving experience.

BMW and Mercedes dealers also added new variables to car owner purchase criteria. 40% of the BMW dealers added 'dealer service', whilst Mercedes dealers added 'admiration from others', 'good warranty', and 'good dealer service'. The main findings of the interviews with car dealers are presented in Figure 9.7. At the top half of Figure 9.7, viewpoint A represents BMW dealer perceptions of BMW and viewpoint B represents their perceptions of Mercedes cars. On the lower half, viewpoint C represents Mercedes dealer perceptions of Mercedes and viewpoint D represents their perceptions of BMW cars. The figure clearly shows a high degree of commonality/congruence: Mercedes dealer staffs' views on BMW match those of

Figure 9.7. A Comparison of Dealer Staff Perception in the UK



BMW and, similarly, BMW dealer perceptions on Mercedes match those of Mercedes dealer staff perceptions of Mercedes. The universal perception of the marques includes car owner characteristics, brand images, customer loyalty and dealer choices of their own marques and the marque they did not own.

9.8. Cultural Individualist Influences of BMW and Mercedes in the UK

This section discusses the effects of social influences on consumer purchase decisions including: (1) group conformity and (2) car image. The analyses and findings of these descriptive statistical data are shown in Table 9.6.

Table 9.6. Car Owner Perception of Individualist Influences of the Two Marques

		BMW (%)	MB (%)	Findings
Group Conformity	Rather Unimportant	30.0	32.0	It is not important for both sets of car owners to drive the same cars as their peer groups.
	Not Important At All	60.0	42.0	
Car's Social Image	Very Important	-	18.0	The importance of the social image of Mercedes cars is related to age of their owners.
	Rather Important	-	36.0	
	Rather Unimportant	46.0	-	
	Not Important At All	26.0	-	

Compared to car owner perception of collectivist influences of the two marques in Thailand (see Chapter 8, Table 8.8 p142), while the group conformity is important for Thai Mercedes car owners, Table 9.6 shows that this is unimportant for both sets of car owners in the UK. In addition, while the car's social image is important for both sets of Thai car owners, it is only important in the UK for Mercedes car owners. This confirms Hypothesis 2:

The effect of collectivist purchasing behaviour will be greater when cultural individualism is low than when individualism is high.

9.9. Conclusions

The chapter provides empirical support for the following hypotheses:

H1 Buyer attitude is related to buyer intention which influences buyer behaviour.

H2 The effect of collectivist purchasing behaviour will be greater when cultural individualism is low than when individualism is high.

Consistent with Ajzen and Fishbein (1980), this study demonstrates that there are relationships between consumption and demographics. The findings from the data collected in the UK support that new luxury cars like BMW and Mercedes are material goods and can be stereotypical descriptors of particular socio-economic groups. The overall findings suggest that material symbols do play an important role in structuring people's perception of different socio-economic groups. The stereotypical possessions of BMW car owners and Mercedes car owners give some insight into the differences between the two groups, where relative wealth and occupational status emerged as major themes.

This would imply that possession of a new BMW or Mercedes car is used to locate people in a socio-material hierarchy. Placing and evaluating others in terms of their luxury car possessions is therefore likely to fulfil an important function in orienting people in their social world. Thus, for example, the car owners can conform to their groups' expectation and anticipate the kinds of interactions that may take place with them. However, BMW and Mercedes marques allocate their customers in a different socio-material hierarchy. There is a difference in loyalty and repeat purchase patterns of BMW and Mercedes cars. The predominant type of BMW car owners' loyalty pattern is vertical. Mercedes' brand image is so strong that most of the car owners do not exhibit a long progressive ladder of purchase of Mercedes cars: people tend to replace their current car with the same model for their next purchase and may not move up further through higher car models. Whereas, the progressive ladder of purchase of BMW cars is longer than that of Mercedes: people commence their loyalty from lower, to middle, and upper car ranges as well as move up their car model within each range for their image and functional benefits.

Finally, the empirical findings imply that in the eventuality of Thailand's economic development stimulating the adoption of western cultural values such as greater individualism and lower degree of uncertainty avoidance, wealth and status allow people to differentiate themselves from the mass market, new luxury car purchases become an expression of an individual's needs and wants.

The logical extension of this finding is that Mercedes will outsell BMW in countries with the same socio-economic and cultural profile. These countries may be grouped by

the markets where BMW and Mercedes are best selling their products (see Chapter 4, Table 4.3, Figure 4.3, p70-71). The implication for marketing is that over time as these countries' economy are developed, their market positions will change. As people get richer, they may want to assert their individualism: acquire local or individual products. BMW is proposed to reflect individualistic needs in terms of functional and experiential benefits to customers in the rich countries in the West such as USA, UK, Canada, Australia, and New Zealand. Potentially, Mercedes luxury car market positions may be weakened or eventually defeated by BMW in the world car market such as in Japan, South Africa, and Thailand, if their economies upwardly change and the societies uphold different values towards 'luxury'. Alternatively, if Mercedes can become super luxury – it may remain the car of first choice for the global segment that values or demands emotional (elegance), image (brand image, prestige, status), and functional (reliability, design, space, safety, durability, comfort, performance) attributes that purchase of a Mercedes car offers. These values or motives for purchase of Mercedes across cultures constitute a global segment. In this respect, even within an individualistic society, there will be a segment that values Mercedes.

The next chapter presents the conclusions of this study and details the key contributions of this thesis. Moreover, Chapter 10 discusses a number of research limitations, suggests practical implications and identifies potential avenues for further research.

Chapter 10 : Conclusions and Recommendations

10.1. Introduction

This final chapter brings together the themes, issues, concepts, and findings of chapters 2 to 9, all of which have made a key contribution to this thesis. The findings are linked to the existing body of knowledge, which allows conclusions to be formulated on purchasing behaviour motivations and patterns as well as providing marketing implications. It develops a buyer behaviour model for a less developed economy. It discusses differences in the car owner, attributes, brand relationships and differences in customer loyalty in the UK and Thailand. It provides marketing implications for customer acquisition and retention (upward brand stretching of both marques) and provides a model for car selection in a developing economy and implication for globalisation. This chapter outlines the limitations of the study and suggests further avenues for future research.

10.2. Main Findings and Conclusions

This thesis is posited on a comparative study of consumer behaviour towards the purchase of two brands in two countries with different cultural characteristics: BMW and Mercedes in high collectivist and uncertainty avoidance Thailand, and the low collectivist and uncertainty avoidance UK. Hence, the key findings are multi-faceted. Each finding is related to more than one existing body of knowledge including consumer behaviour, culture, and brand marketing, making the conclusions of this study comprehensive.

10.2.1. Differences in UK and Thai Car Owners' Attitude-Behaviour Relationships

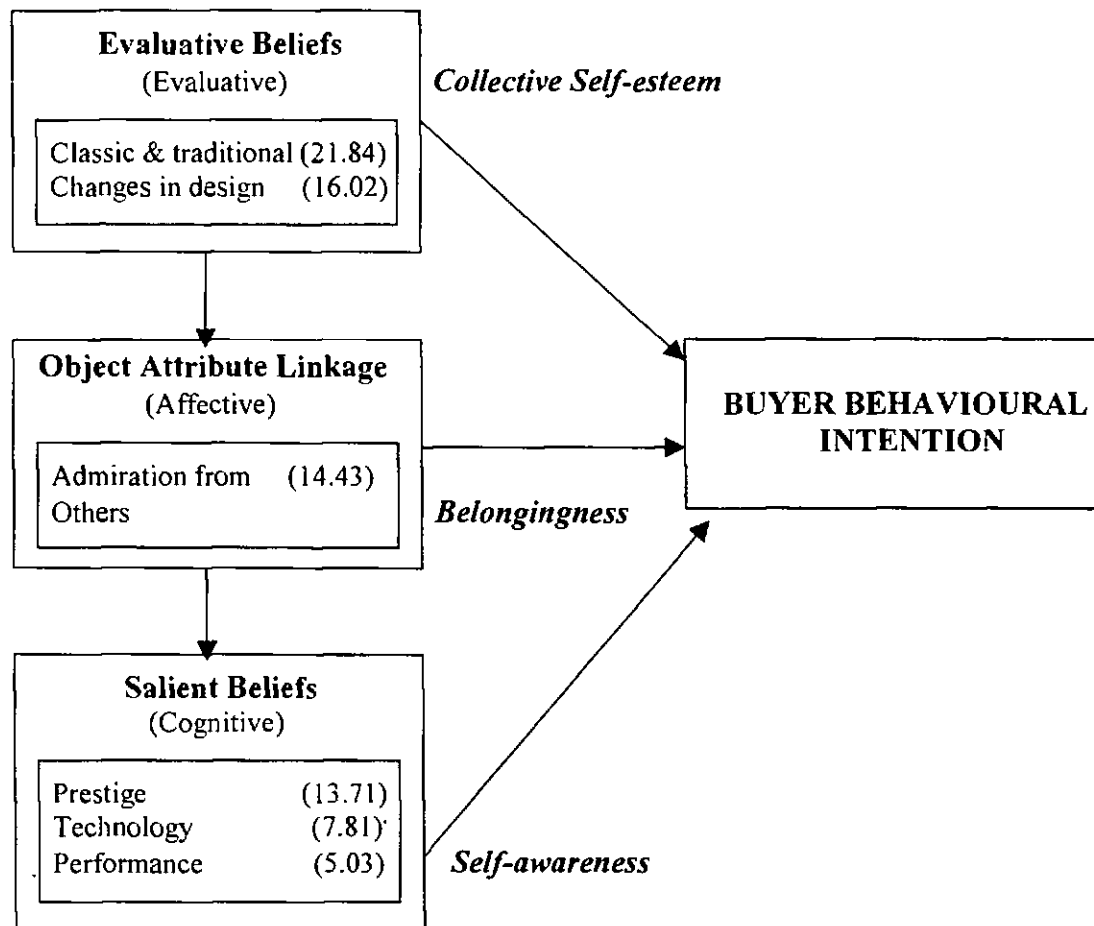
To enable the exploration of potential associations between measures of buyer attitudes and buyer behavioural intention, Ajzen and Fishbein (1980) require a means of describing the strength of the relationships (Section 7.5.2c p126). This study used chi-

square to summarise the strength of association between the attitude components- 'salient beliefs', 'object attribute linkages', and 'evaluative beliefs'. The results show that there is an overall association between car buyers' attitudes and behaviour both in the UK and Thailand (see Section 8.3 p136 Section 9.3 p165), leading to the confirmation of Hypothesis 1:

Buyer attitude is related to buyer intention which influences buyer behaviour.

However, there are differences between UK and Thai car owners' attitudes or, in other words, the attitude components of UK and Thai car owners operate differently. That is, the three attitude components of Thai car owners fully function, whilst only the salient belief component of UK car owners operates. Fishbein and Raven (1962) has recognised such a case when only some attitude component or components are operational. They suggest a distinction between *belief in* an object and *belief about* an object. Beliefs about an object represent object attribute linkages (beliefs about the object's relation with other objects or concepts) and evaluative beliefs (beliefs about whether the object will lead to or block the attainment of various goals or 'valued states'). Beliefs in an object represent salient beliefs (beliefs about the characteristics, qualities, or attributes of the object). This conception of beliefs "in" and "about" objects appropriately implies that there can be different types of beliefs held by an individual. As was demonstrated, Thai car owners have relatively stronger attitudes than UK car owners, as the former group hold implicit beliefs both 'in' and 'about' the two marques whilst the latter group only hold beliefs 'in' the two marques. For Thai car owners, three salient beliefs (prestige, technology, performance), one object attribute linkage (admiration from others), and two evaluative beliefs (classic and traditional, and changes in design) are significantly associated with the buyers' behaviour (having chi-square value greater than critical value of 3.841), which in rank order were (1) classic and traditional (21.84), (2) changes in design (16.02), (3) admiration from others (14.43), (4) prestige (13.71), (5) technology (7.81), and (6) performance (5.03) (see Section 8.3 p115). In this light, the hierarchy of effects that describe the sequence of components that appear in forming an attitude and buyer behavioural intention of Thai car owners can be represented as the model in Figure 10.1.

Figure 10.1. Thai Car Owner Attitude and Behaviour Relationship



(Figures in brackets are χ^2 values)

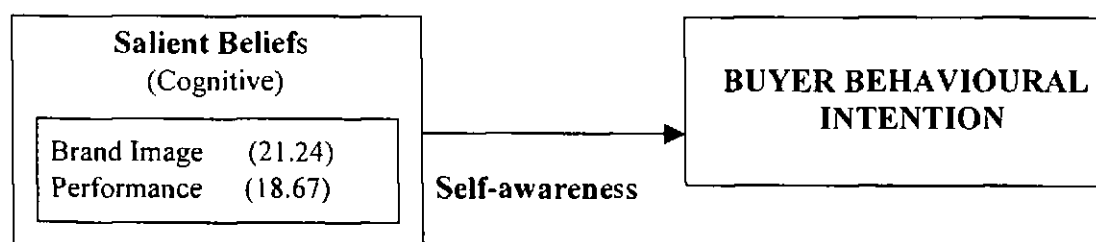
Indeed, Ajzen and Fishbein (1980) propose an overarching concept that the operation of attitude components itself represents a mechanism where individuals try to achieve a social identity. They describe that: (1) salient beliefs represent a 'cognitive' component made up of 'self-awareness' of membership, (2) object attribute linkages represent an 'affective' component consisting of attachment or feelings of 'belongingness', and (3) evaluative beliefs represent an 'evaluative' component inherent in 'collective self-esteem'. In this view, the hierarchy of normative beliefs manifested in Thai car owners' attitudes in rank order would be 'collective self-esteem', 'belongingness', and 'self-awareness' (as presented in Figure 10.1). This hierarchy has two main implications for the car owners' needs or motivation. Firstly, the collective self-esteem (manifested in the evaluative) component reflects 'the need from esteem from others' as opposed to 'the need for self-esteem' as argued by Maslow (1965) [described in

Section 4.6.1 p62]. Thai car owners' attitudes are shaped by an ego need, which can be heightened or lowered by the opinions of others (Rowan, 1998). This means that the evaluative component of attitude (the top component) operates in a way that helps the car owners achieve 'self-image' or 'idealised pseudo-self' [the term used by Maslow (1980)]. In this respect, attitude of Thai car owners towards purchasing a new luxury car is very much concerned with collective 'self-image' fulfillment or "social" self-actualisation.

Secondly, the self-awareness (self-esteem or self-actualisation) manifested in the cognitive component of Thai car owners, however, may be different from the self-actualisation in the classical hierarchy of needs. The finding supports that the collective self-esteem (manifested in the evaluative belief) component primarily and strongly operates and also links directly and firmly with belongingness (manifested in the object attribute linkage) component, and 'finally' with self-awareness (manifested in the salient belief) component (see Figure 10.1). This hierarchy of effects goes in an opposite direction of the traditional hierarchy of needs where ultimate self-fulfillment should be at the top. Alderfer (1972) refers to this type of self-esteem as "esteem-interpersonal", which represents the realm of relatedness where people are dependent upon social recognition and acceptance (see Section 4.6.1 p62).

For UK car owners, two salient beliefs are significantly associated with the buyers' behaviour (having chi-square value greater than the critical value of 3.841), which in rank order being (1) brand image (21.24) and (2) performance (18.67) (see Section 9.3 p165). In this light, the hierarchy of effects that describe the sequence of components that appear in forming an attitude and buyer behavioural intention of UK car owners can be represented as the model in Figure 10.2.

Figure 10.2. UK Car Owner Attitude and Behaviour Relationship



(Figures in brackets are χ^2 values)

Solomon (1996) terms this category of attitude-behaviour relationship as “high-involvement hierarchy”, which characterises purchase decisions in which cognitive information-processing is involved. This means that UK car owners form beliefs (cognition) about the cars usually from different sources (see Section 3.2.1 p42). The cognitive component represents an aim ‘only’ to preserve self-awareness¹. The finding does not show any link to collective self-esteem or belongingness component. In this light, *UK car owners’ attitude and behaviour relationship tends to be directed according to the way their cognition operates.*

In conclusion, car owners have an intention to purchase a new luxury car when they hold:

in Thailand

- (1) evaluative beliefs about whether the car will lead to the attainment of various goals or valued states (which may help them achieve collective self-esteem);**
- (2) the belief strength that each car’s attribute can link to the attainment of the goals (which may help them attach feelings of belongingness); and**
- (3) salient beliefs about the characteristics, qualities, or attributes of the car (which may help them substantiate, create, (re)produce, and maintain their self-awareness);**

in the UK

- (1) salient beliefs about the characteristics, qualities, or attributes of the car (which help them substantiate, create, (re)produce, and maintain their self-awareness).**

10.2.2. Differences in the UK and Thai Car Owners and Brand Usage

This study underlines the critical importance of understanding luxury car brands and car owners’ relationships with them to the advancement of marketing theory. The two

¹ Given the self-awareness being manifested in the top attitude component, this self-awareness (as termed by Ajzen and Fishbein (1980)) operates in a similar manner to self-actualisation identified by Maslow (1954). Alderfer (1972) refers this to “esteem-self-conformed”, which represents the one’s own true nature or real self (see Chapter 4, Section 4.6.1 p62).

car marques were shown to serve as powerful repositories of meaning purposively and differentially employed in the substantiation, creation, and (re)production of concepts of self in today marketing age. It should not be contentious to assert that deeply rooted identity concerns are reflected in such a highly-involved activity as car brand behaviour (Dargay and Vythoulkas, 1999). It has been shown in this study that it is within this level of consumption experience that important meanings to the consumer's life are contained. This helps deepen theories of consumer behaviour (as shown in previous section, for example) and brand marketing.

10.2.2a. Holistic Characteristics of the Two Marques across Cultures

A critical insight emerging from this thesis concerns the holistic character of consumer and brand relationship phenomena. The data provides the important point that deep insights into the consumer and brand relationship can be obtained through consideration of the larger whole (social and cultural values or characteristics), in which that relationship is embedded. The evidence supports the conclusion that (see Chapter 4 p65-71):

Cultural differences are exhibited in purchases of new luxury cars.

This study provides a good example of the need for understanding the broader context of people from different cultural dimensions as a basis for anticipating the constellation of brands with which relationships are likely to develop. As the Thai consumer decision model of new BMW and Mercedes Cars (see Section 8.5 p147):

$$\Sigma = 0.619 X_1 - 0.775 X_2 + 0.294 X_3 + 0.207 X_4 - 0.150 X_5$$

where

- X_1 = luxury brand image
- X_2 = performance
- X_3 = elegance
- X_4 = desirable
- X_5 = level of equipment

illustrates, the Thai car owner and brand relationship is a matter of both congruence between functional (performance and level of equipment), image (luxury brand image), and emotional (elegance and desirable) attributes and self-image (permanent perceived ego), and especially of life-time perceived ego achievement. It was revealed in the focus group that Mercedes 'luxury brand image' helped in saving 'face' of a car owner and preserving wealthy status resulting in strong business relationship (see Section 8.6 p149). In this sense, the brand is endowed with societal value so deeply and implicitly that it can be shared by the car owner and his social milieu making the luxury image of the brand significant to the society at large, leading to a confirmation of Hypothesis 2:

The effect of collectivist purchasing behaviour will be greater when cultural individualism is low than when individualism is high.

In relation to luxuriousness of a brand, another interesting point on the holistic character of the Thai car owner and brand relationship is that individual consumer and brand relationships would make the most sense when explored at the aggregate level of their personal brandscape². It was revealed in the focus group with Mercedes car owners in Bangkok that Mercedes car owners even need to 'perpetuate' their car ownership with other luxury brands and/or products like Rolex or the most expensive mobile phone (see Section 8.7 p151). This finding is consistent with Kapferer (2000) that thematic connections of luxury brands operate not just across brands within a category, or within role-related product constellations assembled for the expression of social lifestyles, but across the entire constellation of disparate brands and categories collaborated to achieve a full range of goal-related tasks.

As for UK car owners, their profiles (age, income, occupation) influence choice car models or ranges (see Section 9.2 p161) and their salient beliefs about attributes of the two marques are relatively similar (see Sections 9.4 to 9.6 p167-173 and Figure 9.4 p169). Meaningful relationships between the car owners and the brands are not really qualified along emotional versus functional facets of the brands or by permanent perceived ego, but by temporary (although long-term) perceived goal compatibility (e.g., brand image and customer profiles). Since UK car owners do not hold evaluative beliefs about or linkages of the cars' attributes (as discussed in previous section), they are not as highly involved as the Thai car owners. It is possible that the brand

² The term is currently used in brand literature (for example, see Brandweek (2000)).

attachment amongst the UK car owners will be shorter than that of the Thais. As their positive attitudes towards purchases of the marques are largely related with occupation (see Section 9.2, Figure 9.1 p163-164), they may switch to other marques after their retirement.

The data reported herein also add to the growing body of evidence on the active role of luxury brand consumers (Biel, 1992; Dubois and Paternault, 1995; Vigneron and Johnson, 1999; Kapferer, 2000; Phau and Prendergast, 2000). Through the discussion in this section so far, it should be noted that the construction of luxury brand relationships is not simply what marketers intend for the consumers, or what brand images contain in the culture, but what consumers do with brands to add meaning in their lives. The abstracted, goal-derived, and experiential benefits that consumers create for brands are not necessarily the same as the emotional or symbolic benefits proposed by the brand marketers. At one hand, the UK qualitative research (see Section 9.4 p167) clearly showed that Mercedes car owners' perceptions were congruent with its image of everythingness [broad range of functional and emotional facets (see Figure 9.4 p169)], as expressed by its brand core value advertising (see Section 5.4 p82). On the other hand, it was revealed implicitly in both Thai qualitative and quantitative research (see Section 8.7 p153) that Mercedes brand acts strongly as, what de Chernatony and McDonald (1998) refer to in their components of brand, risk reducing and symbolic devices (see Table 5.1 p75-77) each of which lends itself to benefit the consumer guaranteeing the Thai car owners a prestige and status by their peer groups and others in the 'high collectivist and uncertainty avoidance' Thailand (see Hofstede's cultural dimensions in Section 4.6.2 p64). The most important point here is that it is the 'societal value' that upholds Mercedes image in Thailand because Mercedes has never projected itself as a social or collective brand (see Section 5.4 p82). In context of strategic brand concept-image management of Park, Jaworski, and MacInnis (1986) (see Section 4.6.2 p64 and Section 6.5.2b p105), Mercedes acts perfectly as an emotional or symbolic brand creating "desires for products that fulfill internally generated needs for *self-enhancement*, *role position*, *group membership*, or *ego-identification*" (p64). Section 10.2.1 exhibits that the Thai car owners held evaluative beliefs, object attribute linkages, and salient beliefs. The evaluative beliefs and object attribute linkages they held were largely linked with collective self and belongingness. In addition, the car owners held salient beliefs about both symbolic

(prestige) and functional (technology and performance) attributes. The relationship between the two brand facets and societal attachment explains why Mercedes outsells BMW in Thailand (see Table 2.15 p38).

Further, it is interesting that, in contrast, there is a common theme on the functional and experiential attributes of BMW in the UK and Thailand. From the dealers' perceptions, the BMW chief attributes in Thailand are: (1) performance, (2) technology, and (3) design (see Figure 8.8 p157) and the chief attributes in the UK are: (1) performance, and (2) design (see Figure 9.7 p175). From the car owners' perceptions, the principal component analyses revealed that the three significant purchasing factors for new BMW cars in Thailand are: (1) performance, (2) status, and (3) appearance (see Table 8.5 and Figure 8.4 p144), and the main determinants of UK BMW car owners' selection of their current cars are: (1) design, (2) reputation for quality/reliability, (3) performance, and (4) safety (see Figure 9.5 p170 and Figure 9.6 p172). These attributes are also congruent with BMW brand core values and its advertising contexts (see Section 5.4 p82 and Figure 5.2 p85). BMW has been very successful in its pursuit of providing a "driving experience" to the consumer. In context of strategic brand concept-image management of Park, Jaworski, and MacInnis (1986), BMW acts as a functional brand "satisfying needs at physical level because it is designed to solve externally generated consumption needs" and thereby has perfectly become an experiential brand "designed to fulfill internally generated needs for *cognitive stimulation* for pleasure" (p64). Previous section exhibits that the UK car owners held salient beliefs about certain car attributes and these attributes were processed by their cognition. The relationship between functional or experiential facet of the brand and self-awareness explains why BMW outsells Mercedes in the UK (see Table 2.13 p36).

These findings supports the growing recognition that the consumer does not make consumption choices solely from products' utilities, but also from their symbolic meanings (Elliot, 1997). In particular, this study adds significance to the very little extant research (Elliot, 1997; McCracken, 1987; Rowan, 1998) that symbolic meanings of products operate in two directions: outward or outer-directed in constructing the social world, "social-symbolism", and inward in constructing our self-identity, "self-symbolism". On the one hand, BMW car consumption plays an important role in supplying meanings and values for the creation and maintenance of the consumer's

personal world in both countries. On the other hand, Mercedes car consumption plays a central role in supplying meanings and values for the creation and maintenance of the consumer's personal and social world in Thailand, and only the personal world in the UK.

In this thesis, it was revealed that (see Figure 8.7 p156) the most significant social influence factors in purchasing Mercedes cars in Thailand comprise 'group conformity pressure' (that is, identity seeking and status marking) and 'face-saving'. The traditional social component and the factors contributing to it, as identified by Fishbein (1967), which include 'perceived consequences associated with purchase' and 'evaluation of consequences associated with purchase' are replaced with the face-saving and group conformity pressures put upon Mercedes customers (see Figure 8.7 p156). The point is that face-saving pressure is more than thinking about and complying with others, since it is a reflection of one's own role in comparison with others. Rather, group conformity depends upon the person's group orientation and his or her perception of the importance of group norms. Accordingly, the pressure from face-saving and group conformity limits the freedom of the Thai Mercedes car owner to exercise his or her desire or specificity in a manner that has been asserted in the aforementioned writing.

In conclusion, the added values of the BMW brand in the UK and Thailand are the functional and experiential benefits it creates for personal consumption. The added values of the Mercedes brand are the emotional and functional benefits it creates for personal consumption in UK and Thailand, where in Thailand there also exists the symbolic benefit created 'by' the consumer for social consumption.

10.2.2b. Differences in Thai and UK Customer Loyalty

This thesis extends existing theories of customer loyalty by providing insight into cultural influences on customer loyalty behaviour. Scholars (Ehrenberg, 1972; Jacoby and Chestnut, 1978; Fader and Schmittlein, 1993) have viewed brand loyalty as being the same as repeat purchase without considering cognitive or normative aspects of brand loyalty. The setback is that such an approach is insufficient in explaining loyalty

formation, since it does not take into consideration other important factors in the loyalty formation process. This thesis provides a basis for understanding loyalty formation across cultures that vary on individualism-collectivism and uncertainty avoidance dimensions.

It was shown in this study that there are differences in loyalty and repeat purchase patterns across cultures for these two car marques. In Thailand, there are mainly two forms of BMW car owners' loyalty as shown in the pattern of: *horizontal* and *vertical purchase* (see Section 8.7 p156). In terms of horizontal purchase, owners of cars from the upper range (5 Series) and top range (7 Series) replace their cars with cars from the same range but with a bigger engine to gain better functional benefits (better performance and level of equipment). In terms of vertical purchase, owners of the upper range replace their cars with cars from the top range as they become older or richer and want a bigger car. These groups of car owners are likely to own cars from other marques except Mercedes. In contrast, there is only one predominant type of Mercedes car owners' loyalty pattern, which is *vertical purchase*. Especially, Mercedes car owners would have to continue to use the brand for the rest of their lives in order to "retain their faces", prestige, and status amongst their peer groups.

In the UK, the findings revealed a progressive ladder for both marques (see Section 9.7 p173). BMW customers tended to start their ownership earlier than Mercedes car owners. They started with the lower range (3 Series) moving up through the upper range (5 Series) and the top range (7 Series), as they became increasingly successful. In contrast, Mercedes car owners had a shorter progressive ladder than owners of BMW cars. They tended to start from the upper range (E Class) to the top range (S Class) and may not move up further through higher car models. The point is that UK customers regarded E Class and S Class as prestigious cars. In this sense, the Mercedes brand values are so strong that the customer may not even differentiate between the car models (see Chapter 5, p86-89).

These findings reflected the Maslow's hierarchy of needs (individual oriented) and the Asian equivalent (group oriented) adapted from Schutte and Ciarlante (1998) in this thesis (see Figure 4.2 p61). As discussed near the end of the previous two sections, Thai and UK car owners have different freedom or ability to exercise the freewill to

form images or to create any variety of possible selves. The bounderlessness of self-actualisation in the West (low in collectivism and uncertainty avoidance), which shows no end to one's potential, represents the freewill of UK car owner to repeat purchase car of any of the two marques in order to create the personal self (real self) and achieve esteem-self-confirmed. In contrast, the bounderlessness of status in Asia (high in collectivism and uncertainty avoidance), which shows no end to one's potential, depicts the ('prescribed' or 'limited') freewill to purchase and repeat purchase 'only' of Mercedes car should the Thai car owner wish to create the collective self (idealised pseudo-self) and achieve esteem-interpersonal. Consequently, these different motivations and needs would result in different 'loyalty patterns'. In turn, attitudes towards brand switching are likely to be greater and more positive for consumers in individualist culture than for collectivist culture.

In conclusion, Mercedes customers are more loyal than BMW customers in Thailand, whereas BMW customers are more loyal than Mercedes customers in the UK, because customer loyalty varies as a function of differences in cultural dimensions, and the importance consumers place on cultural values.

10.3. Marketing Implications

The study detailed in Chapters 2 to 9 enables the discussion of the main findings and conclusions in previous sections. In this section, this study forwards marketing implications, which are discussed next.

10.3.1. Vertical Brand Stretching

The conclusion drawn from Section 10.2.2b (also see Section 8.7 p151 and Section 9.7 p173) shows differences in loyalty and repeat purchase pattern of BMW and Mercedes cars in each country. In the UK, Mercedes' luxury brand image and prestige is so strong that most of the car owners do not exhibit a long progressive ladder of purchase of Mercedes cars. People tend to replace their current car with the same car model for their next purchase and may not move up further through a higher car model or range.

There is relatively little progressive movement from the bottom range Mercedes A Class, to the lower middle range Mercedes C Class, and the middle range E Class, and amongst the car models from A130 to A160, C280 to C300, and E280 to E400 for example.

In Thailand, Mercedes car owners would have to continue to use the brand for the rest of their lives in order to retain their “*faces*”, prestige and status amongst their peer groups. Range of a luxury car is important. They tend to replace their current car with a car from an upper range and they usually commence their loyalty later than BMW car owners: they begin directly with the Mercedes E Class and move up to the S Class but do not move up further through a higher car model. For example, Thai owners of a car model such as S280 or S300 from the top saloon range – Mercedes S Class – may not move up further through a higher car model like S300, S320, S400, or S500.

It is striking that Mercedes car owners in both countries do not really move up through car models, as Mercedes offers many car models (<http://www.mercedes-benz.co.uk/pc/index.html>). Given the strong brand image and progressive ladder of car purchase of Mercedes, a suggested action for Mercedes manufacturer is to exercise itself as, what de Chernatony and McDonald (1998) identify in their components of brand, a brand as a strategic device (see Table 5.1 p77), which is *vertical brand stretching*.

Stretching Mercedes brand upward means to make the brand even more luxury-to be super luxury producing super luxury cars, for example with breakthrough technology and luxury equipment and comfort. Stretching the brand's reach would allow the marketer to lengthen and extend the brand's relationship with the customer in logical and consistent ways. As de Chernatony and McDonald (1998, p124-133) describe, an underlying reason why people can associate themselves very well with a brand is the fact that brand has a personality: a brand is like a person. Stretching the brand up would be as if an old friend can suddenly do more for the consumers and allow them to be concerned with less thing. In this sense, upward brand stretching would serve the purpose of doing more of what the customer desires and this study would suggest that this be based on *technology-driven stretching*.

Although Mercedes consumers may not predominantly value the functional benefits of Mercedes cars, Mercedes has to offer luxury cars with higher standard specifications than those of other luxury cars (as identified in Table 2.5 p25) in order to stretch up its range and brand elasticity further, and thereby reinforce the customer desires for further progressive ladder of car purchase: Mercedes goes up to super luxury would allow itself to capitalise on increasingly wealthy market, nouveau riches such as those who would have purchased the top saloon range Mercedes S Class now. This would not damage or streamline the brand core values of Mercedes because the Mercedes customers have relatively broad perceptions of its attributes (see Figure 8.5 p146 and Figure 9.4 p169). Yet, the brand values should allow Mercedes to exercise itself as user of innovation, the organisation as inventor of innovation, the organisation as inventor and user of innovation, the organisation as vehicle for innovation, and the organisation as innovation (see Section 5.4 p86). Mercedes should have sufficient technology that would permit itself to change the basis of brand competition. By having super luxury cars will offer opportunities to add new features, new capabilities, or perhaps achieve cost effectiveness to a point not expected before.

The new super luxury range(s) development would allow Mercedes to improve simultaneously on quality and price (see Section 5.5 p88). This is because the price-quality equation will make the brand become even a stronger risk reducer and a shorthand device, especially when the brand has such flexible price elasticity like Mercedes. Thus, the 'skimming' strategy would work very effectively for the new super luxury Mercedes because the price-quality equation most likely will support the new car as a super premium brand. This differentiation will be made necessary by buyers' demands for more individuality in the sense of unique or 'overarching' styling and design, leading to emotional and, again, needs for symbolic image. Furthermore, the new gadgets and gizmos may add to the brand's prestige, higher degree of organisational innovation and brand core values. Such upward brand stretching would maintain and nurture the favourable reputation or image of Mercedes.

It should be marked here that the vertical brand stretching with special reference to such new product development would also benefit BMW. However, Mercedes most likely will advance the benefits more than BMW. Mercedes is broader than BMW in terms of both product availabilities and perceived values [brand and product values

(functional, emotional, and image) and customer values (self and, above all, social/societal values) (see Figure 8.5 p146 and Figure 9.4 p169)]. Thus, *Mercedes represents an icon of prestige and broader appeal than BMW. For BMW, its appeal is mainly focused on driving experience* (see Figure 8.4 p144 and Figure 9.4 p169) constituted by a combination of technical attributes or functional facet of the brand confined in its brand core values including quality design, technology, performance, and exclusivity (see Figure 5.2 p85). It has earned car owners' perceived values of these attributes. Accordingly, BMW would have to better Mercedes in terms of *technical attributes* such as providing more availability and variety of technical features for a particular car range as compared with Mercedes. Especially, there are two forms of BMW car owners' as shown in the pattern of: *horizontal* and *vertical* purchase, whilst vertical purchase is only one predominant type of Mercedes car owners' loyalty pattern (see Section 8.7 p151 and Section 9.7 p173).

10.3.2. Cultural Grouping

In conclusion (see Section 4.6.3 p65-71):

Cultural differences are exhibited in purchases of new luxury cars.

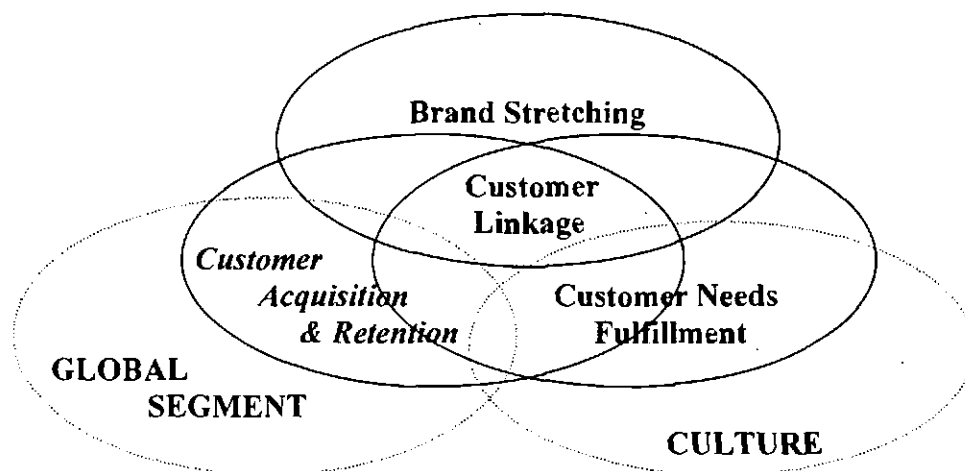
Mercedes will outsell BMW in countries with the same socio-economic and cultural profile as in South East Asia. These countries may be grouped by the markets where BMW and Mercedes are two of the best selling their products (see Table 4.3 p70 and Figure 4.3 p71). In short, it is possible to characterise societies, which display such an orientation as those in which the 'collective self' is dominant and the 'real self' less so, and *vice versa*.

The implication for marketing managers is that over time as these countries' economy are developed, their market positions will change. BMW is proposed to reflect individualistic needs in terms of functional and experiential benefits of customers in the rich country such as: USA, UK, Australia, and Canada. These mainly are the rich countries in Europe and America. Potentially, Mercedes' luxury car market positions may be weakened or eventually be defeated by BMW in the world car markets such as in Japan, Thailand, Taiwan, and Hong Kong, as their economies upwardly change and the societies develop 'western' cultural values unless marketing strategies change.

10.3.3. Customer-Oriented Luxury Car Branding Relationship

Further to the upward brand stretching suggested in the previous section, and in the light of the main findings and conclusions, it is important to take into consideration customer acquisition and retention to create the emotional bonded values for both the car manufacturers and the car owners. To achieve this, linking the parts of vertical brand stretching and the processes of customer acquisition and retention (product pricing, brand image and equity, customer communication and needs assessment) together might be the key to success. This thesis enables in drawing a structural relationship between key areas to develop a customer-oriented luxury car branding in order to maintain and nurture the brands, which is presented in Figure 10.3.

Figure 10.3. Consumer Oriented Luxury Car Branding Relationship



In short, manufacturers of cars from both low and high ends of the market are getting better at creating product par excellence within a shorter time. The integration depicted in Figure 10.3 should provide BMW and Mercedes with insights into cultural embedded demands whilst react properly to universal demands (usually derived from the congruence between the customer perceptions and core value programmes of the brands, for example, BMW's creation of functional or experiential needs) in the global market. As the companies move in the direction of cultural and consumer-oriented branding process, they will benefit from the links they have established with their customer base. These benefits may include greater market penetration and product loyalty. Customer acquisition and retention or relationship management may include

satisfying or even sensing customer needs, product pricing and configuration, positive acquisition experience and after-sales relationship.

This relationship focuses on customer insight (self-awareness versus collective-self), demand creation (core brand values), and brand stretching (upward versus downward). Customer acquisition and retention relationship will be directed by customers who either have personal or social expectations for certain product attributes [functional, emotional, and/or image (symbolic or experiential) benefits]. The individual customer focus will help the companies employ lifestyle selling (for example, match the car owners' profiles and the car marques in the UK). Moreover, the focus on personal versus social needs ensures that brand stretching and strategy to be used (e.g., new product development) will go in a compliant direction.

In terms of the global segment, the conclusion in Section 10.2.2a provides some indications to consider how brand associations may vary in their core values across cultural dimensions and their role in building brand equity. The UK findings demonstrated that the 'essence' of BMW brand is influenced by consumer brand awareness ("The Ultimate Driving Machine" campaign). The findings suggest that targeting similar segment across the two countries should prove sufficient and localised advertising campaign is not suggested, as this would deviate from its brand values. However, the influence of consumer awareness of BMW (functional and experiential) brand is strong in UK but is weak in Thailand. Indeed, the consumer decision model of new BMW and Mercedes cars in Thailand shows 'negative' salient beliefs about 'performance' and 'level of equipment' of BMW (see Section 8.5 p147). It suggests that, acting on the familiarity components like purchase, advertising exposure, or sale promotion in order to modify the centrality of brand associations of the non-users of the brand, and influence their attitude towards BMW could be relatively more difficult in Thailand than in the UK. However, it is possible to use a subtle technique to allow Thai consumers to embed societal or social values within the brand by themselves. This is by using thematic connection between brands from different luxury brand categories. For example, BMW and Louis Vuitton joined forces to create a campaign on "driving fantasy" in 2000: as BMW is reputable for driving experience and Louis Vuitton is well-known for luxurious travel (Park, 2000). For Mercedes, on the other hand, acting on the familiarity components such as purchase, advertising exposure, or

sale promotion in order to acquire new customers, and influence their attitude towards Mercedes would be easier in both the UK and Thailand. However, reduction or over-competition in prices of Mercedes cars in Thailand would pose a threat to heavy users of the brand particularly owners of those cars from the upper range E Class. Reducing retail prices would encourage these car owners to leap from cheaper A Class and C Class car owners [the pecuniary emulator (see Section 3.1 p40)]. In this respect, to market BMW or Mercedes brand globally is neither a matter of 'think global, act global' nor 'think global, act local'. For luxury brands like these, this study suggests the approach 'think local, act global' will continue to be the recipe for success.

10.4. Research Limitations

There are three categories of research limitations in this thesis including (1) general limitations, (2) limitations of research design, and (3) limitations of methodological approach, which are discussed respectively.

10.4.1. General Limitations

It is possible to contend that three main general limitations emerge from this study, which are particularly pertinent. Firstly, it has previously been contended that:

a review of consumer behaviour in car markets of the last decade reveals relatively little attention to customer perceptions of new luxury cars. It is the American researchers who have dominated research into customer perception and behaviour in the car market, and therefore most of these research were conducted in the US and no cross-national and cultural study of consumer behaviour of cars and luxury cars have been conducted (see Chapter 3);

most consumer behavioural studies are steeped in Western, primarily North American culture. The theories, which have been derived and can therefore legitimately be used to describe, predict, or understand consumer behaviour applied mainly in the US (see Chapter 4);

although empirical studies have begun to investigate cross-national differences in the last decade, research into international customisation has yet to examine if targeting similar segments across markets is better than developing country-by-country programs (see Chapter 5).

Given the relative paucity of previous research into luxury car consumer behaviour and the impact of culture, this study is just a start towards a new approach.

Secondly, this study is a small contribution to the popularity of global marketing and branding concept during the late 1990s, the paucity of conceptual and empirical attention must be acknowledged as a potential limitation. Indeed, the relatively limited empirical literature on consumer behaviour of new luxury cars is the most important reason for the initial use of exploratory studies in this thesis.

Finally, the findings and conclusions of this study are limited by the industry-specific focus of the research. The focus of research is new luxury car sector in passenger car retailing industry resulting in findings and conclusions, which apply only to BMW and Mercedes car manufacturers. Indeed, the purpose of this study is not to develop universally applicable generalisations but rather to concentrate on the study of customer perceptions of new BMW and Mercedes cars in the UK and Thailand. In this study, Thailand and UK both are countries where new cars of both marques are imported. However, Thailand has a developing economy, whilst the economy is largely developed in the UK. In addition, Thailand represents a country where cultural collectivism and uncertainty avoidance are high, whereas UK represents a country where collectivism and uncertainty avoidance are low. Whilst the aim of the study may have been accomplished, the limitations of non-generalisable theory limit the findings and conclusions presented earlier.

10.4.2. Limitations of Research Design

The second category of limitation of this study relates to the exploratory and descriptive research design adopted. A well-documented limitation of cross-sectional research is the inability of causality testing. Cross-sectional research designs, by their very nature, focus on the analysis of static, rather than dynamic parameters, which

places limitations on the extent of inference of associative relationships between constructs. The aim of this study is therefore not to examine causality but rather to explore and describe consumer behaviour towards the purchase of new luxury cars in the UK and Thailand. The restrictions of cross-sectional data analysis limit the findings of this study and the conclusions, which can reasonably be justified.

10.4.3. Limitations of Methodological Approach

Four main limitations of methodological approach emerge from this study. Firstly, a more comprehensive and deeper fieldwork was beyond the resources and time limit of this research. The fieldwork in Bangkok required longer time and higher budget than anticipated. Whilst great effort had to be made and substantial amount of time had to be spent on conducting face-to-face questionnaire survey with car owners of both marques at different locations in order to obtain 100% response rate. Upon completion of data collection, it is not easy to go back to Bangkok again and conduct additional fieldwork if necessary.

Secondly, there existed a diverse nature of BMW and Mercedes car owner population in the UK: UK car owners were not only English (whites), but also came from ethnic minority groups such as Greek, Indians, and Chinese. This made it difficult to contact easily English (whites) who owned new BMW and Mercedes cars in order to get valid representation of UK consumer perceptions.

Thirdly, it is difficult to access information/data from consumers themselves and from the car dealers due to consumers' lifestyles as well as the impact of the Data Protection Act (1998). As a result, the research methodology used in Thailand had to be adapted for the UK, which had different implications for data collection in each country. For example, the UK questionnaire had to be modified for respondents' convenience and thus factor analysis and discriminant analysis could not be utilised.

Finally, the narrowness of this study is that there are only two marques, both of which are German. This study used small scale in snapshot in time in only two countries.

10.5. Contribution to Knowledge

Nevertheless, this thesis is valuable because it clearly reached its overall aim, supported hypotheses of this study, and made important contributions and practical implications. The principal contribution of this thesis lies in extending our understanding of consumer behaviour through an empirical examination of the contribution of group and social influences on consumer behaviour towards the purchase of new luxury cars. The important marketing implications are:

- (1) a consumer decision model for choice of new BMW and Mercedes cars in Thailand;
- (2) the differences in choice criteria for BMW and Mercedes cars in the UK – Mercedes provides richer, broader, and higher brand values than BMW; and
- (3) the marketing, brand, and communication strategic implications for BMW and Mercedes in view of further economic development, customer retention and acquisition goals.

Indeed, consumer behaviour has neglected non-individual level phenomena: particularly, social or community influence was ignored. “The goal of most consumer behaviour studies has only been to explain how individual cognition, perception or traits influence individual behaviour”(Gainer and Fischer, 1994, p137).

10.6. Suggested Avenues for Future Research

It can be argued that consumer behavioural research is frequently characterised by the development of theory which extends and builds upon the weaknesses and strengths of past research models, conceptualisations, and studies (Chisnall, 1995). This study provides a starting point for helping managers to market high-involvement, high-meaning, durable products like new luxury cars internationally so as to best align brand values and images with customer needs. Hence, this section suggests three potential avenues for future research, which may be pursued by researchers of these interests.

Firstly, the findings can, to some extent, be generalised to luxury durable products positioned on a variety of consumer needs. This study examined the moderating effects of culture on market share for only one product category. This product category, however, may be somewhat unique because the product samples are both 'German' goods that often carry strong messages. Also, BMW and Mercedes are both foreign to the UK and Thailand. A future research may use different luxury car marques and categories from different countries-of-origin such as the British-Rolls-Royce, Jaguar, and Bentley saloons, American-Cadillac saloons, the Italian-Ferrari sports cars, and the German-Porsche sports cars in countries where they are equally popular and have equal market shares, and therefore are feasible for a comparative study. Customised self-concept attributes can also be explored for use in various luxury product categories such as the Swiss-Rolex watch, the Italian Versace clothes, the French-Louis Vuitton handbag, and Johnnie Walker-the Scotch whiskey. Research on such different categories will be useful to explore the marketing environment's impact on broader brand image strategy effectiveness.

Secondly, further research can examine how changing brand image and marketing programme strategies affects image perceptions and brand equity. An important feature of global marketing is the mobility of consumers and the frequency of their exposure (via communication vehicles) to many cultures especially the Western consumption culture (Belk, 1988; Quelch and Hoff, 1986). Managers must remain aware that although a product may require brand image customisation, for example, shifting an existing brand's relative emphasis from social to more functional needs when entering a new market, cultural and/or socio-economic shifts may require further brand image adjustments. Chapter 8 concludes that, as a market's level of modernity increases and cultural individualism may develop, issues of cross-national brand image consistency must be evaluated to create and maintain a clear image for consumers exposed to the brand from various international sources. Although the incidence of cross-border exposure to a brand's multi-regional marketing programs may have been low previously, increased modernity and cultural individualism will make such occurrences more prevalent. Failure to achieve brand image consistency may adversely, in the long run, affect the brand's equity and the company's reputation by causing too much confusion about the brand's position in the marketplace (Levitt, 1983), or by negatively affecting perceptions of product quality and value that can affect market share (Smith

and Park, 1992). Further studies are needed that relate environmental changes, consumer perceptions, and the effects of customising image strategies.

The third avenue of future research which appears to be particularly worthy is the extension and purification of the dual methodology used in this thesis. For reasons detailed fully in Chapter 7, semi-structured face-to-face interviews, focus groups, and structured questionnaire approach was used to explore and then describe customer perceptions of new luxury cars and the cultural influences. However, for obvious reasons, the same researcher with the same theoretical and methodological assumptions conducted both phases of research: qualitative and quantitative research. Hence, considerable insight could be gained from the application of both methodological approaches to a sample of car owners in each country simultaneously by two or more separate researchers. This way of methodological triangulation could enable valuable insight into both the research question and the weaknesses and strengths of the methodological approaches.

Appendices

Appendix 1 : List of Cars over £65,000 in the UK and Thailand

Cars over £65,000 excluded from the selection are higher-priced luxury saloons [including models from BMW and Mercedes e.g., BMW 740i, 750i, Mercedes S320L, and S500L) and cars in the categories of 'specialist sports and top class saloons'[including BMW 840Ci, and Mercedes SL280/320/ and 500]. Other well-known marques are Aston Martin (£83,227-£170,227), Bentley (£111,155-£230,887), Ferrari (£97,510-£350,150), Lamborghini (£186,531), McLaren F1 (£634,500), and Porsche (£34,100 & £64,650-£98,100) (BBC Top Gear, 1998 (56), p222-268). These cars are also sold in Thailand but achieving very minimal sales e.g., only 1 BMW 840Csi, 1 Bentley, and 3 Ferrari were sold in 1997 in Thailand (Formula Info. Centre) (see Table 1).

Table 1. Sales Volume of Luxury Cars over £65,000 (available in Thailand) in the UK

• not available in UK *no longer available in UK

Make	Model	£ Price	Fleet	Non-fleet
Audi	A8 Quattro	51,751	825	1,214
BMW	730iAL (E38) •	n/a	n/a	N/a
	740iAL	57,720	316	718
	750iAL	75,050	597	1,281
	840CiA	57,470	805	1,605
Bentley	Brooklands ¹		0	0
	*Brooklands LWB ²		0	0
	Turbo RL ³		0	0
	*Continental R	199,750	0	0
	Continental T	233,355	0	0
	Azure	230,887	0	0
Jaguar	Sovereign 4.0 LWB	46,675	46	348
	*XJ6 3.2	34,330	585	5,587
	*XJR 4.0 Supercharge		546	2,304
	XK8 4.0 Coupe	50,625	914	15,623
	Daimler 4.0 LWB	63,875	0	0
	*Daimler Super V8 ⁴		0	0
Ferrari	F355 Berlinetta	97,510		
	*F355 F1 Berlinetta			
	*F355 F1 GTS			

¹ replaced by Brooklands R £111,155 in 1997

² replaced by Brooklands R £111,155 in 1997

³ replaced by Turbo RT £148,990 in 1997

⁴ replaced by Daimler Super V8 LWB £63,875 in 1997

	*F355 F1 Spider			
	F355 GTS	99,608		410 cars sold in 1997 in UK
	F355 Spider	103,885		300 cars sold in 1996 in UK
	F456 GT	166,159		
	F456 GTA	172,035		
	F550 Maranello	143,835		
Lexus	*ES 300	n/a	n/a	N/a
	GS 300 SE	34,070	4,120	3,246
	LS 400	47,570	672	9,024
Mercedes	S280	n/a	n/a	N/a
Benz	S280 (CBU)	42,640	1,219	6,539
	S320 L	52,340	923	4,859
	S500 L	74,040	485	1,841
	SL (all models in range)	58,340 – 103,040	1,183	15,255
	SLK230 Kompressor	29,500	1,385	21,043
Nissan	Infiniti •		0	0
Porsche	Boxster	33,950	0	0
	Boxster Sport		0	0
	911 Carrera Coupe	63,350	7	0
	911 Carrera Coupe (with Tiptronic)	65,450	0	0
	911 Carrera S	63,350	0	2,550
	911 Carrera S	65,450	21	1,004
	911 Carrera Targa	66,332	24	2,294
	911 Carrera Targa (with Tiptronic)	69,527	8	1,594
	911 Carrera 4 Sport	76,450	0	1,087
	911 Carrera 4 Cabriolet	71,729	23	1,644
	911 Carrera RST	68,495	0	633
	911 Turbo ⁵	97,950	0	1,336
	*911 Carrera GT2			0
Roll-s-Royce	*Silver Spirit III		0	1,493
	Silver Spur III	139,943	0	0
	*Silver Spur Division		0	0
	Silver Dawn	123,258	0	0
	*Park Ward Limousine		0	0
Toyota	*Crown Royal Saloon		0	0
Volvo	960 Executive ^b		0	0

Source: 1. JATO Dynamics 2. BBC Top Gear, 1998 Vol.56, p. 222 – 268
3. Formula@autoinfo.co.th 4. BMW GB Marketing and Commercial (1998)

Accordingly, they are not comparable to each other in terms of market demand and purchasing power, though these cars are desired by many car buyers. This circumstance reflects the theory of 'conative' component of attitude of Howard and Sheth (1969) that there may not necessarily be a *direct* relationship between attitudes and behaviour beneficial to the object of the attitude. Therefore, *customers may have a*

⁵ replaced by 911 Turbo 4 £98,100 in 1995

favourable attitude towards some manufacturers' luxury cars, but may lack the purchasing power or intention to take buying action.

⁶ replaced by S90 3.0 Executive £32,130 in 1997

Appendix 2 : Comparison of BMW and Mercedes Cars' Standard Specifications

Marque Model	BMW 728i	MERCEDES E 320 ELEGANCE
Pricing		
Retail price	GBP 36,300	GBP 37,945
Price inc. delivery	GBP 36,920	GBP 38,590
Data date	1-Apr-98	1-Apr-98
Model year UID		
Engine		
Capacity	2793 cc	3199 cc
Cylinders	6	6
Fuel type	unleaded	unleaded
Compressor	-	-
Transmission	automatic 5 speed	automatic 5 speed
automatic	S	S
Driven wheels	rear	rear
LSD	-	-
ETC	S	S
Economy		
EU 96 urban	16.5 l/100km	15.4 l/100km
EU 96 country	8.4 l/100km	7.5 l/100km
EU 96 combined	11.4 l/100km	10.3 l/100km
Performance		
Power	142 kW 193 HP	163 kW 221 HP
	.@ 5300 rpm	.@5600 rpm
Torque	280 Nm	316 Nm
	.@ 3950 rpm	.@3000 rpm
Max. speed	225 km/h	237 km/h
Acceleration		
0-100 km/h	9.6 sec.	7.7 sec.
Security		
Power locks	S	S
remote	S	S
Immobilizer	S	S
Model	BMW 728i	E 230 ELEGANCE
Dimensions		
Length	4984 mm	4795 mm
Width	1862 mm	1799 mm
Height	1435 mm	1436 mm
Wheelbase	2930 mm	2833 mm
Curb weight	1775 kg	1600 kg
Load compartment		
rear seat up	500 l	500 l
Fuel tank	85 l	80 l

Driver functions

Cruise control	S	S
Steering		
power (prop.)	S(O)	S(O)
tilt/telescopic	S/S	O/O

Exterior

Alloy wheels	S	S
Rear wheels	7.5x16	7.5x16
Rear tires	215/65 V 16	215/55 W 16
Bumpers	body color	Body color
Tinted glass	S	S
Body side molding	S	S
Paint	gloss, metallic, black	Gloss

Safety

ABS	S	S
Disc brakes	4	4
Air bag D/P	S/S	S/S
Front pre-tensioners	S	S
Head restraints F/R	S/S	S/S
Child safety seat	O	O
Center rear seat belt	reel	Static

Model**BMW
728i****MERCEDES E 320 ELEG****Comfort**

Radio/Cassette	S/S	S/S
Single CD	-	O
CD autochanger	O	O
Speakers	10	8
Manual sunroof	-	-
Power sunroof	O	O
Driver's seat		
Adjustments		
heights	S	S
electrical	S	-
lumbar	O	O
Heated	O	O
Upholster	leather	Cloth
y		
Folding rear seats	fixed	Fixed
Power windows F/R	S/S	S/S
Door mirrors		
type	electrically adjustable	Electrically adjustable
heated	S	S
color	body color	Body color
Air conditioning	S	S
climate control	S	O

Appendix 3 : Observation and Face-to-Face Interviews at the Earl's Court London Motorshow 1997

Prior to unstructured interviews with luxury car customers and dealers, a nonparticipant observation was conducted to observe potential buyer behaviour at the Earl's Court London Motorshow in October 1997. During this observation, potential buyers appeared to compare and contrast these luxury car marques in terms of different car attributes or characteristics, which appeared to be influential in their purchase decision making behaviour. In short, luxury car buyers visited the venues of many different car marques. Many buyers visited Jaguar, Rolls-Royce and Bentley cars and then spent most of the time at BMW and Mercedes stands to obtain information from the dealers such as collecting leaflets and taking to representatives.

This observation was followed by unstructured interviews conducted randomly with 6 luxury car dealer staffs and with 21 customers (1 dealer and 3 customers each of Audi, BMW, Jaguar, Lexus, Mercedes, and Rolls-Royce and Bentley). These interviews generated 19 attitude variables mainly including objective (hard) or technical characteristics and subjective (soft) or non-technical characteristics. The technical characteristics are reliability, security, safety, durability, technology, space, performance, and economy. The non-technical characteristics are comfort, style, modern, brand name, classic, prestige, value, and status. Also, quality, handling, and design can be categorised as both technical and non-technical characteristics depending upon car owner's perception. However, these were attitude variables of luxury car owners in general in the UK, and order of importance for particular car marque was not specified. Therefore, exploratory fieldwork also needed to be piloted in Thailand.

Appendix 4 : Face-to-Face Interviews with BMW and Mercedes Importers in Thailand in December 1997

Open-needed interviews are crucial in research on cross-cultural and multicultural issues (Tashakkori and Teddlie, 1998, p101). Two face-to-face interviews were piloted with staff from BMW and Mercedes importers in December 1997 in Bangkok to compare feedback obtained from the UK motorshow in London and to explore consumers' and dealers' brand values and attributes of luxury cars in Thailand.

In summary, both BMW and Mercedes staffs acknowledged that the attitude variables identified by the dealers and car owners of luxury cars in London also were important in car purchase decision making in Thailand. They agreed that a luxury car should include tangible/objective (hard) (durability, status, security, performance, efficiency, technology) attributes, and qualitative/intangible (soft) (prestige, status, design) attributes, of which could be different between marques. The BMW dealer staff emphasised BMW's core brand values as 'quality, technology, exclusivity, and performance', while the Mercedes executives stated that Mercedes were primarily concerned with the 'product's quality and services'.

However, these findings do not answer why the majority of Asian luxury car buyers like the Thais purchased Mercedes, while the majority of buyers in the West like UK buyers purchased BMW over the last decade (see Chapter 2). The study adopted Tucker, Powell, and Meyer (1995) suggestion that a research using observation studies and interviews should be furthered with a methodological triangulation that combines qualitative and quantitative techniques. A research methodology design was then developed.

Appendix 5 : Dealer Interview Questions

**1. As a Mercedes dealer, can you please tell me what the chief characteristics/
main attributes of Mercedes E Class and S Class are?**

**1.1. Can you please tell me how you would describe / define the Mercedes
brand?**

**1.2. In your opinion, what is the car owner's perception of the Mercedes
brand?**

2. Why do you think the car owners buy the Mercedes E Class and S Class?

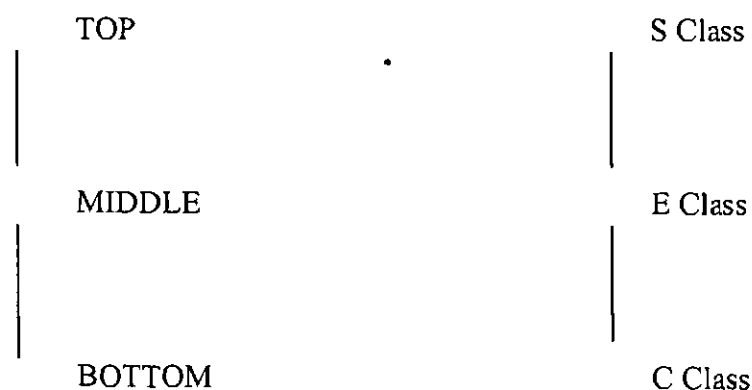
2.1. Who is the typical Mercedes car owner? [i.e., age groups; favourable
models for each group; the proportion (%) of customers: British citizens and British
residents (i.e., Far East and Middle East Asians, Europeans, etc.)]

2.2. What is it that makes the sale? Is it design, quality, safety, performance,
handling, technology, useful electronics, value, brand name, prestige, and status?

2.3. What are the 4 most important reasons for purchase?

3. How loyal are Mercedes car owners?

3.1. What is the typical purchase entry point and exit point?



4. On what criteria do buyers choose a particular dealer?

(i.e., location? purchase price and options? dealer image? others?)

Thank you. Now can I change the subject slightly to find out how you and the car owners view BMW

BMW Dealer

1. Can you please tell me what are the chief characteristics/ main attributes of the BMW 5 Series and 7 Series?

1.1. Can you please tell me how you would describe / define the BMW brand?

1.2. In your opinion, what is the Mercedes car owner's perception of the BMW brand?

2. In your opinion, why do people buy the BMW 5 Series and 7 Series?

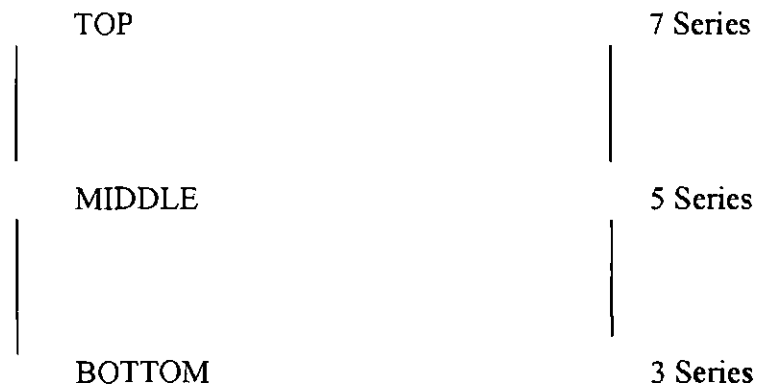
2.1. Who is the typical BMW customer? [i.e., age groups; favourable models for each group; the proportion (%) of customers: British citizens and British residents (i.e., Far East and Middle East Asians, Europeans, etc.)]

2.2. What is it that makes the sale? Is it design, quality, safety, performance, handling, technology, useful electronics, value, brand name, prestige, and status?

2.3. What are the four most important reasons for purchase?

3. How loyal are BMW customers? In your experience, do Mercedes customers buy BMW? or *vice versa*.

3.1. What is the typical purchase entry point and exit point for BMW purchase?



4. On what criteria do buyers choose a particular dealer?

*** What would you say is the chief difference between Mercedes E Class & BMW 5 Series and Mercedes S Class and BMW 7 Series for car owners?**

Appendix 6 : Development of Questions for A Structured Survey Questionnaire and Pre-test with BMW and Mercedes Car Owners

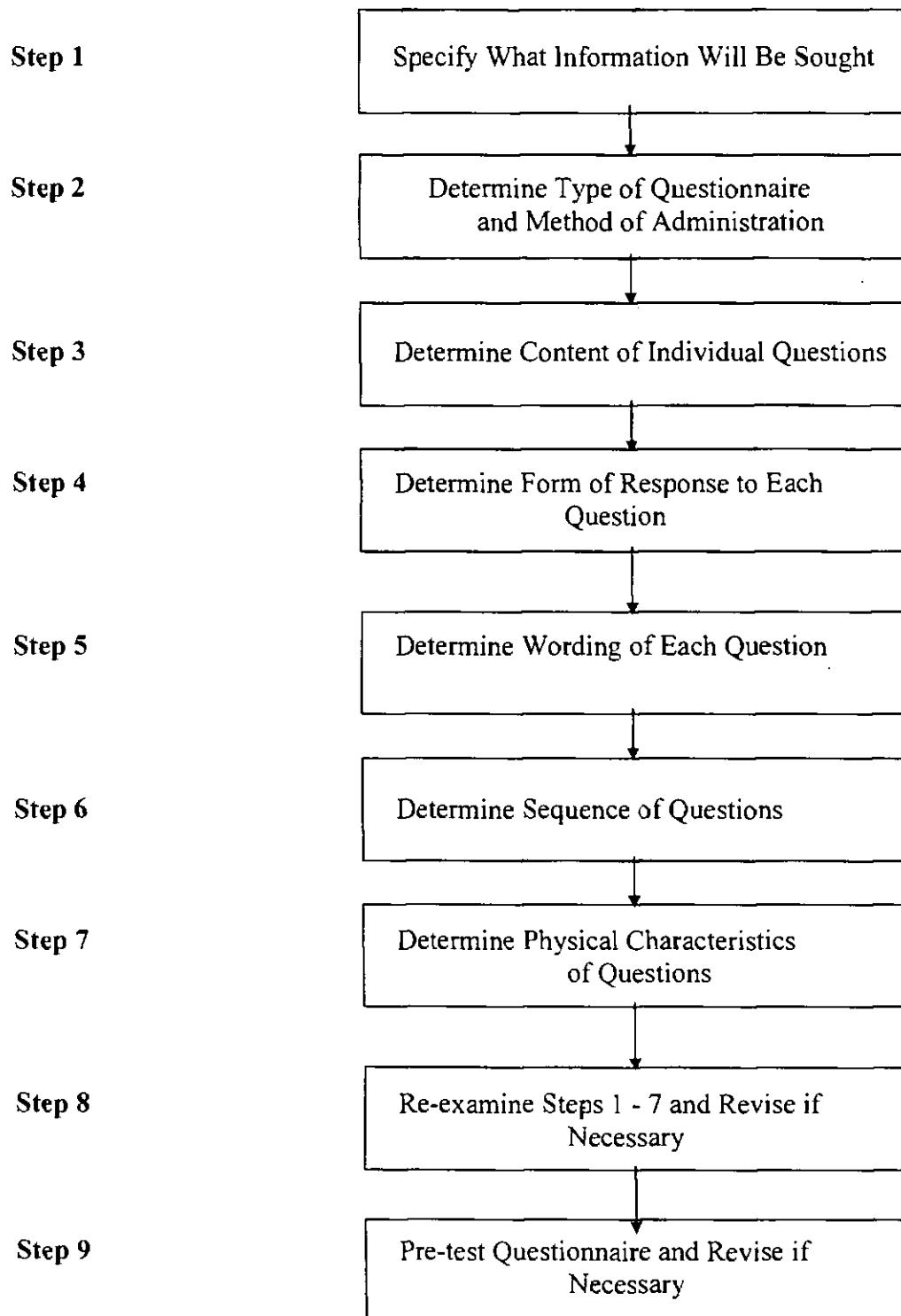
Given that methodological literature in marketing (e.g., Hooley and Hussey, 1995; Malhotra, 1996) and car consumer behaviour (e.g., Britt, 1970a; Rosecky and King, 1996) indicates that the questionnaire method is the most suitable method for this phase of research, it is crucial that the questionnaire developed is appropriate for its purpose. Churchill (1991) presents a procedure for developing a questionnaire based on the earlier work of Kornhauser and Sheatsley (1976) (see Figure 6.1).

Churchill's (1991) model of questionnaire development provides a clear step-by-step series of guidelines with a concise direction for the rigorous and systematic formulation of the questionnaire. Given the clarity and coherence of Churchill's (1991) model, the model was considered suitable as the basis for the development of the questionnaire in this study.

6.1. Information Sought (Step 1)

The first stage of questionnaire development is the identification of the boundaries of study and the definition of the information, which the questionnaire seeks. Researchers should be meticulous and precise at earlier stages in the research process. Churchill (1991) suggests that descriptive or explanatory research demands sufficient prior knowledge to allow the framing of some specific hypotheses for investigation, which then guide the research. In the case of this research project, the nature of the variables was dictated by the literature and exploratory fieldworks. This exploratory phase helped to identify theoretical concepts; establish research questions; and formulate hypotheses, which accordingly defined the scope of the survey for this study.

Figure 6.1. Procedures for Developing a Questionnaire



Source: An adaptation by Churchill (1991, p360) suggested by Kornhauser and Sheatsley (1976)

Information and data generated from the exploratory work in this study are:

- *theoretical concepts* including : (1) Fishbein Behavioural Intention Model (1967), (2) Maslow's Hierarchy of Needs (1965; 1987); (3) Park, Jaworski, and MacInnis Strategic Brand Concept-Image Management (1986); and (4) Hofstede Cultural Dimensions (1991; 1994);

- *a set of luxury car buyers' attitude variables* (hard & soft) including (1) reliability (2) security (3) safety (4) quality (5) durability (6) technology (7) space (8) performance (9) handling (10) economy (11) comfort (12) design (13) style (14) modern (15) brand name (16) classic (17) prestige (18) value (19) status;

- *parameters of luxury cars* including:

- (1) a luxury car may be an upper medium, executive, dual purpose, luxury saloon, or specialist sports car;

- (2) a high price range, limited availability and demand;

- (3) unique or distinguishing attributes or characteristics;

- *luxury car price concept* - the range of £34,001-£65,000, which helps to determine the car marques and sample for this study; and

- *a working definition of a luxury car* being:

Therefore, a working definition of a luxury car for this thesis is a car in the price range £34,001 to £65,000 with superior specification produced in sufficient volume to meet the demands of a significant segment.

In addition, two observations have been revealed:

- (1) customers may have a favourable attitude towards some manufacturers' luxury cars, but may lack the purchasing power or intention to take buying action; and

- (2) a country's economic downturn may not necessarily decrease customer intention to purchase a luxury car.

The hypotheses established before guided the questionnaire (Churchill, 1991), whilst theoretical concepts, attitude variables, and relevant data constructs helped to investigate these hypotheses (Chisnall, 1995). Especially, the luxury car price concept ensured that data were collected from the right samples. In this sense, the hypotheses formulated in this study were not only a guide to what information will be sought, but in large part also determined the type of question and form of response used to collect it.

6.2. Type of Questionnaire and Method of Administration (Step Two)

The survey questionnaire used in this study was initially designed in such a way that all the questions were standardised and asked in the same way so that responses from car owners of the two marques in Thailand and the UK could be measured and compared. Kent (1993) describes that questionnaires, whatever the degree of structuring, are of two main kinds:

- those that are completed by the respondent (self-completed questionnaires), and
- those that are completed by the interviewer on behalf of the respondent (interviewer-completed questionnaires).

Self-completed questionnaires are usually sent and (hopefully) returned through the post, so are often referred to as postal or mailed questionnaires. Whilst interviewer-completed questionnaires (sometimes called “interview schedules”) are generally used in face-to-face interviews, either at the respondent’s home or place of work or in a public place. Also, the use of the telephone for marketing research is increasing, and questions may be addressed using that medium. Given that the structured questionnaire used in this study is attributed to measure attitude variables of recent new car owners of BMW and Mercedes and thus anticipates a number of questions, conducting a face-to-face questionnaire survey with these car owners at their dealer service sites in both countries was primarily considered most appropriate. Furthermore, the structured questionnaire was designed in such a way that it could be completed by either the interviewer or respondents. If completed by the respondents, the questionnaires could also be completed either by face-to-face or return by post.

6.3. Individual Question Content (Step Three)

The questionnaire method used in this thesis involved a large number of question items (factors) which were operationalised to capture quantitatively the essence of the hypotheses and theoretical concepts under investigation. The main question items identified in the hypotheses that need to be measured in the structured questionnaire can be exhibited in Figure 6.2.

As described in Chapter 6 (see Section 6.4.4b p102), factor analysis is an appropriate method for scale development when there is a set of interval-level, non-dichotomous variables. Factor analysis, then, should be appropriate for the analysis of this structured questionnaire because it would reduce a large set of variables, as identified in Figure 6.2, to a smaller set of underlying variables or factors, and this complex computations can be handled by SPSS.

The basic aim of factor analysing the quantitative data of the structured questionnaire in this study is to examine whether, on the basis of people's answers to questions, a smaller number of more general factors that underlies answers to individual questions can be identified. For example, the questionnaire asked the BMW and Mercedes car owners about what attributes they considered to be important in purchasing their next luxury cars (e.g., reliability, performance, design, classic, prestige, and status). By observing the pattern of answers, it is possible to see that some customers emphasise reliability, performance, and design, and place little weight on classic, prestige, and status and vice versa. In other words, some variables might cluster together.

Further, factor analysis would help to identify this sort of patterning in the overall set of responses to questions developed in the questionnaire. For example, despite having answers about six attributes in purchasing the next luxury car, these answers might reflect or be caused by two more general, underlying attitude dimensions or factors.

6.4. Forms of Response (Step Four)

Having established the preliminary content of each individual question, the next issue considered was the form of response required. All questionnaires, whether self-completed or interviewer-completed, will comprise one of, or some mixture of, two main types of question: open-ended (unstructured or undisguised) or set-choice (structured, closed format, disguised, fixed-alternative, multichotomous, or forced-choice) (Churchill, 1991; de Vaus, 1996).

In this study, the structured questionnaire was composed of a mixture of both types of question. Kent (1993, p64) describes that open-ended questions can be used at least for factual responses and especially used where:

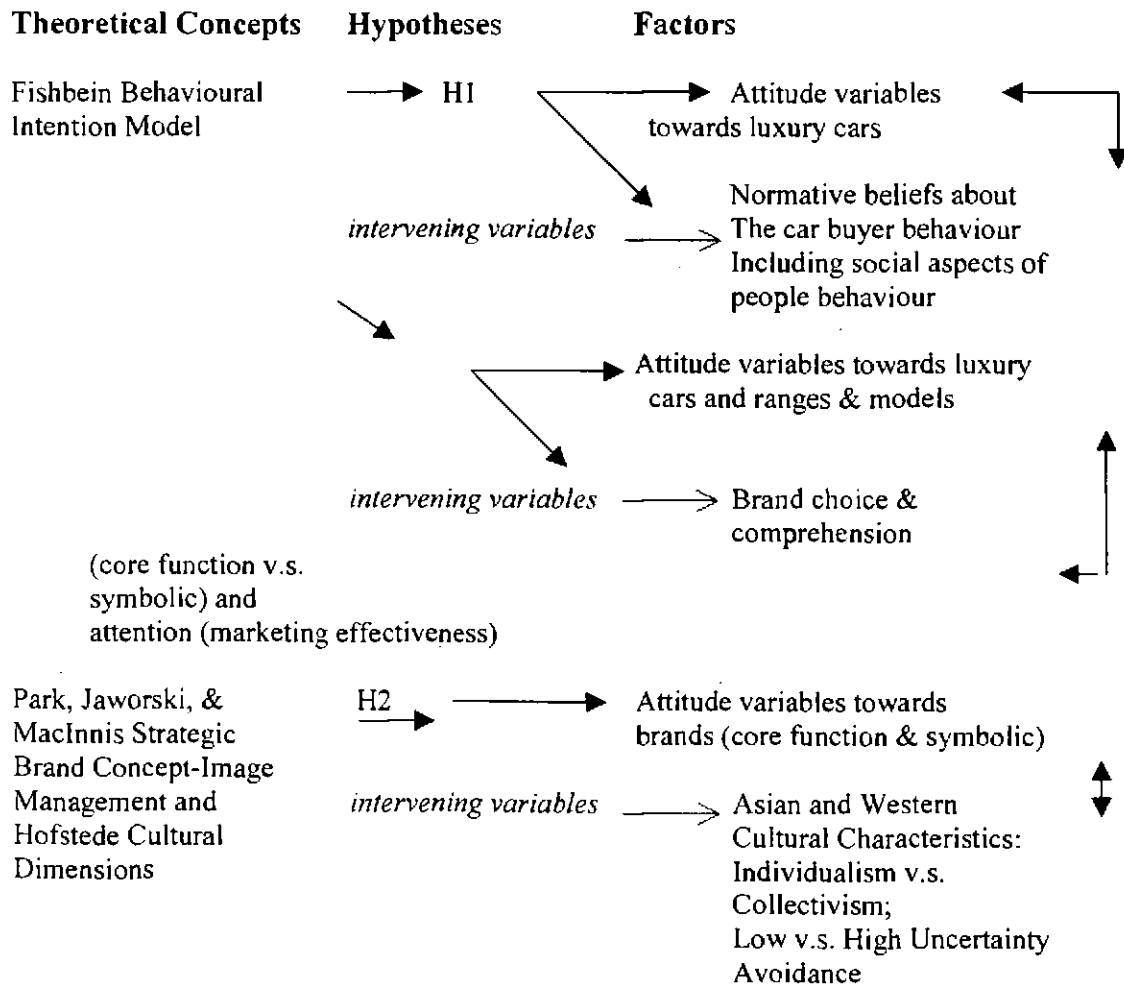
- the researcher is unsure about the responses could be;
- the researcher wants to introduce a topic by getting the respondent to formulate his or her own thoughts and words before more detailed questioning takes place (this avoids pre-judging responses with fixed alternatives); and
- the possible responses are too many to list.

Figure 6.2. Structured Questionnaire Question Items

- H1** Buyer attitude is related to buyer intention and influences buyer behaviour,
H2 The effects of collectivist purchasing behaviour will be greater when cultural individualism is low than when individualism is high.

Attitude variables:

- (1) reliability (2) security (3) safety (4) quality (5) durability (6) technology
 (7) space (8) performance (9) handling (10) economy (11) comfort (12) design
 (13) style (14) modern (15) brand name (16) classic (17) prestige (18) value
 (19) status



Furthermore, in consumer research, open-ended questions can be used for recording attitudes, opinions, images or beliefs in the respondent's own words (Churchill, 1991;

Kent, 1993). Therefore, open-ended questions were used for both factual responses and attitudes/opinions of car owners in this study. For example, factual open-ended questions were used for asking the make and model of the respondents' previous cars and current cars and from where the current cars were purchased and serviced¹. Whilst attitude/opinion questions were used for asking 'the image of BMW and Mercedes-Benz' in particular, and 'in what ways luxury cars are different to ordinary cars' in general. These questions span the gamut of the types of primary data that could be collected from demographic characteristics through attitudes, intentions, and behaviour (Churchill, 1991).

However, measuring attitudes in the sense of positive or negative evaluations is not easy, it is prudent that measuring attitudes are attempted in a number of different ways (Kent, 1993). The most widely used device in measuring consumer attitudes is called "direct approach", which ask respondents to give their evaluations through self-reply (Kent, 1993). Thus, respondents may be asked to:

- agree or disagree, or indicate their degree of agreement or disagreement with statements about the object being evaluated;
- pick a statement from a group of statements which most closely corresponds with their attitudes; or
- give some rating from positive to negative that indicates the direction and strength of their attitudes.

The types of set-choice response formats usually used for measuring three purposes above include "Likert-style formats: rating scales", "semantic differential formats", "checklists", and "ranking formats" which are usually pre-coded for later use in data analysis (de Vaus, 1996).

Given that a review of methodological literature indicates that responses in consumer survey should be either interval or ratio levels of measurements (Churchill, 1991; Ghauri, Gronhaug, and Kristianslund, 1995; Hair et al., 1995). Four questionnaire techniques mentioned above have been extensively used in mainstream marketing research to

¹ Although the sample of the respondents would include only BMW and Mercedes car owners who have car models within £34,001-to-£65,000 price range, it was difficult to establish set-choice questions (multichotomous questions) containing a list of entire BMW and Mercedes dealership network in Thailand and the UK.

facilitate the use of powerful multivariate statistical approaches (Hair et al., 1995). Therefore, it was decided to adopt these formats for this study.

Section 6.4.1, 6.4.2, 6.4.3, and 6.4.4 will delineate the use of these four formats in this study respectively.

6.4.1. Likert-Style Formats: Rating Scales

Likert scale (also called “summated rating scales”) is widely used by marketing researchers for measuring attitudes or components of attitudes (Chisnall, 1995; Churchill, 1991; Kent, 1993; Malhotra and Birks, 2000). Typically, when a Likert scale is used for measuring attitude, its usual or standard format consists of a series of statements to which a respondent is to indicate a degree of agreement or disagreement using the following options: strongly agree, agree, neither agree nor disagree, disagree, strongly disagree. As such, the scale purports to measure direction (by ‘agree/disagree’) and intensity (by ‘strongly’ or not) of attitude. The scale, per se, was intended as a summated scale, which was then assumed to have interval scale properties (Likert, 1932).

Whilst a number of measures had previously been employed using five point scales (e.g., the MARKOR measure), a literature review on customer satisfaction (Mansour and Osimy, 1994) and advertising (Spagna, 1984) researches argue that a four-point scale may be required over a five-point scale when measuring purchase intent. Also, Barnes et al. (1994) argue that the switch to four point scales has no effect on principal component analysis. Hence, the use of four point scales as the form of measurement and scoring was adopted for this study primarily for the ease of response and administration (Malhotra, 1996) and for reasons of scale reliability and validity (Churchill and Peter, 1984). Therefore, Likert-style statements in the questionnaire were scored 4-1 (or 1-4 depending upon the degree of agreement or disagreement with the statement expresses a positive view) and the total added up for each respondent. For example, first, when asking respondents to rate their degree of satisfaction with their previous and current cars, they had to choose one from the following options: ‘very satisfied’, ‘somewhat satisfied’, ‘somewhat dissatisfied’, and ‘very dissatisfied’ (see questions 13 and 15). Second, when asking the respondents to rate different capabilities of their car dealers,

they had to choose one from 'excellent', 'good', 'fair', and 'poor' options (see questions 24 and 25). Third, when asking the respondents to rate the extent of intention questions e.g., 'Would you ...?' and 'How likely are you to ...?', they had to choose one from 'definitely yes', 'probably yes', 'probably not', and 'definitely not' and one from 'I definitely will', 'I probably will', 'I probably will not', and 'I definitely will not' options (see questions 17, 20, 28). Fourth, when asking the respondents to rate extent of attitude agreement from statement questions e.g., 'How important is it that ...?', they had to choose one from 'very important', 'rather important', 'rather unimportant', and 'not at all' (see questions 33, 34, 35, and 36).

6.4.2. Semantic Differential Formats

This format consists of choosing adjectives to represent the two extremes of a continuum and asking respondents to put a mark between the two extremes (de Vaus, 1996). Semantic differential scales are slightly different from Likert scales in the sense that the items are not added up, but a profile is described that can be used to compare different products in terms of their overall image (Kent, 1993). Since the exploratory research in this study identified a great many bipolar adjectives (car attributes), a modified variation of semantic differential scale was considered the details of which are explained below.

The general thrust in using the semantic differential technique to form the scales is to select an appropriate sample of adjective pairs so that a score could be generated for the object for each of the 'evaluation', 'potency', and 'activity' dimensions: an evaluation dimension represented by adjective pairs such as good-bad and helpful-unhelpful; a potency dimension represented by bipolar items such as powerful-powerless and strong-weak; and an activity dimension captured by adjective pairs such as fast-slow and noisy-quiet (Churchill, 1991). The approach in this study is somewhat different from this general thrust.

First, instead of applying the basic adjective pairs to the objects of interest (cars in this case), the researcher generated own items. These items were not antonyms, nor were they single words. Rather, the researcher used phrases to anchor the ends of the scale,

and all of these phrases were attributes possessed by the two luxury car marques. A negative amount of certain attribute was used as one end of the scale and a great deal of the attribute as the other², for example, most prestige -least prestige (see Figure 6.3).

Second, instead of attempting to generate evaluation, potency, and activity scores, this study is more interested in developing profiles for the two car brands as well as total scores by which their cars could be compared. In this respect, the use of semantic differential approach in marketing studies has tended to follow the Likert approach to scale construction rather than the semantic differential tradition.

Figure 6.3 representing an extraction from question 38 in the structured questionnaire.

Figure 6.3. Semantic Differential Formats in Structured Questionnaire

38. Please mark the position against each descriptive word which describes the best position for both BMW (X) and Mercedes-Benz (✓):

Most Prestige Least Prestige

X ✓

|-----|-----|-----|

1 4

First, a large list of bipolar adjectives or phrases were generated. Figure 4.3 attempts to express the things that could be used to describe the two car marques, and thus serve as a basis for attitude formation, in terms of positive statements. Note that the most positive phrases being 'Most .../Highest ...' are on the left side, whilst the most negative phrases being 'Least .../Lowest ...' are on the right side at all time. This is to create consistency and avoid respondent confusion.

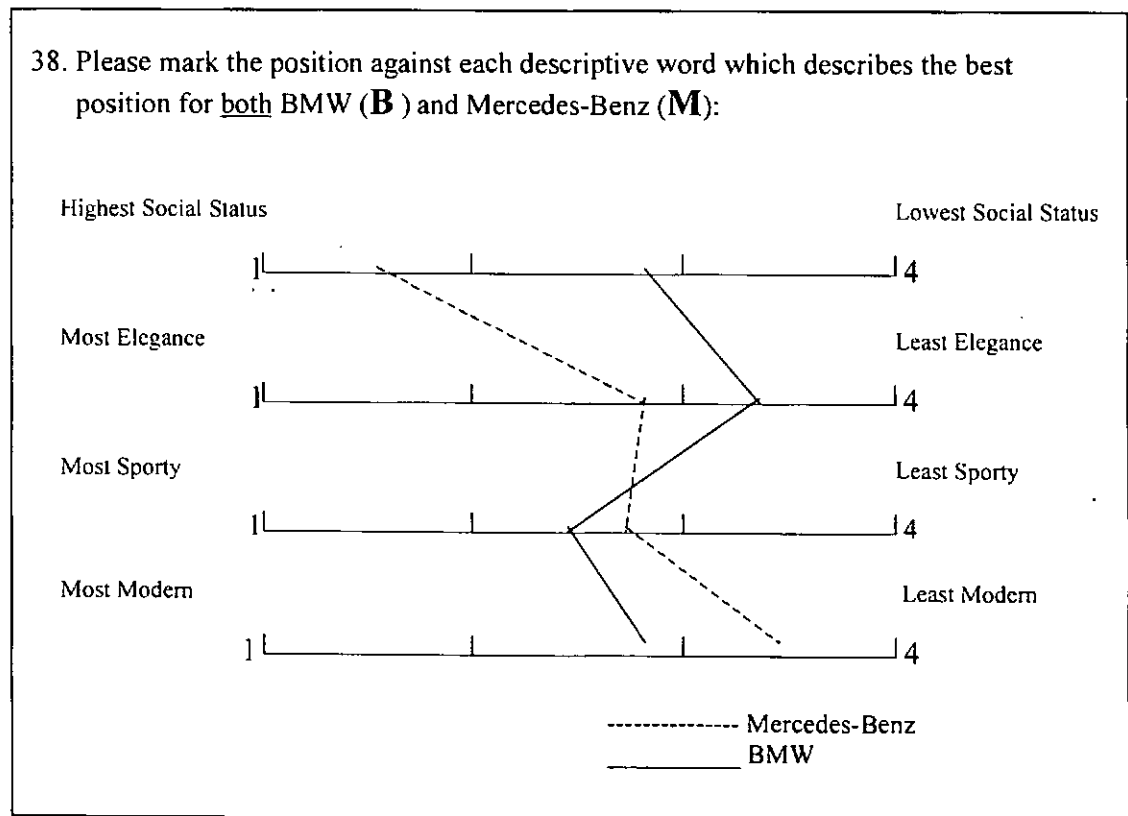
The scale was then administered to a sample of subjects. Each respondent was asked to read each set of bipolar phrases and to mark the position that best described his/her

² Much of the impetus for these practices seems to have been provided by Mindak (1961).

feelings toward the car marques. The end positions were defined for the respondent in the instructions as being very closely descriptive of the object, the center position as being neutral, and the intermediate positions as slightly descriptive and quite closely descriptive.

Since the respondents were asked to evaluate two luxury car brands, different profiles can be compared. For example, Figure 4.4 (referred to as a snake or zigzag diagram because of its shape), illustrates that BMW is perceived as having lower level of social status and elegance, but more sporty and modern than Mercedes. Note that in constructing these profiles, the customary practice of placing all negative descriptors on the right, to facilitate communication, has been followed. The plotted values simply represent the average score of all subjects on each descriptor, and is used to develop the profiles. In either case, the plotted profiles can readily communicate the perceived positions of BMW and Mercedes by the same respondents.

Figure 6.4. Snake Diagram in Semantic Differential Formats



It was the ease with which semantic differential scales could be developed and the ease with which the findings could be communicated or accumulated experience of their value that account for the semantic differential scales' great advantage in this study. The technique did allow respondents to express the intensity of their feelings toward the brands and was useful in the analysis.

6.4.3. Checklists

These consist of a list of items and respondents are asked to choose each relevant item. In this study, checklist formats were mainly used for: background measures- fixed-alternative questions about characteristics such as age, sex, occupation, marital status, income level (see questions 1-11); for set-choice factual questions e.g., 'Is this your first car?' or 'Did you buy this car?' (see questions 11, 14b, 23); and for attitudinal statements e.g., 'Is it important to ...?', 'Do you use ...?', or 'Do you feel ...?' (see questions 22, 26, 27). In the last two cases, 'dichotomous' question format (a fixed alternative question that has only two alternatives) consisting of 'yes' and 'no' was used.

Further, it was important for this study to define clearly the attributes of BMW and Mercedes that were being ranked. One of the useful methods in comparing competitive products is "paired comparisons" (Chisnall, 1995). With this method, the objects to be ranked are considered two at a time. Therefore, checklist format was also used in an attitudinal question in this study.

This method was used in question 37 in the structured questionnaire (see question 37). An extraction of it is shown in Figure 6.5.

Figure 6.5. Paired Comparisons Method in Ordinal Scales

37. On each of the following characteristics, which of the 2 marques would you prefer: (Tick only one brand)		
	BMW	Mercedes-Benz
Visual Impact / Appearance	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Quality	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Durability	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)

This eased the administration of the questionnaire and, above all, the data generated helped to list preferable attributes of BMW and Mercedes owners.

6.4.4. Ranking Formats

Another closed or multichotomous format widely used in consumer research is ranking formats (Kent, 1993) or "ordinal scales" (Chisnall, 1995). Using this format, respondents can be given a list of alternative answers, but rather than selecting between them they are asked to rank their importance. It is also believed that attitudes/values are arranged in a hierarchy (Chisnall, 1995). Ranking techniques would provide the most appropriate conceptual mapping of attitudes/values because the 'choice' nature of the ranking task matches the hierarchical conceptualisation. For example, Kornhauser and Sheatsley (1976) argue that ranking was essential as the measurement mode, a central manifestation of attitudes was to be found in choice. To demonstrate this, Koten (1984) uses ranking technique with car owners of 16 different brands to measure the car brand images in the US and comes up with perceptual map of brand images for these brands (Koten, 1984). Therefore, it was decided that ranking format was appropriate for this study (see questions 31 & 32). For example, an extraction of question 31 is shown in Figure 6.7.

Figure 6.7. Ranking Formats in Structured Questionnaire

31. Which technical attributes <u>must</u> your luxury car have? <i>Rank in order of importance 1 being most important, 2 being second most important,</i>		
<input type="checkbox"/> Durability	<input type="checkbox"/> Safety	<input type="checkbox"/> Security
<input type="checkbox"/> Performance	<input type="checkbox"/> Efficiency	<input type="checkbox"/> Technology
<input type="checkbox"/> Reliability		

**6.5. Question Wording (Step Five), Sequence (Step Six),
Characteristics (Step Seven), Re-examination & Revision (Step Eight)**

The fifth stage of Churchill's (1991) guide to questionnaire development centres on the construction of clear and reliable questions. In the case of this study, this was not a difficult issue since many of the respondents were senior employees and self-employees, and thus should find the questionnaire easy to read. However, simple and unambiguous questions were used, leading questions avoided, implicit scripting of favoured responses shunned and generalisation avoided [as recommended by, for example, Bailey (1982), Churchill (1991), and Converse and Presser (1986)]. The wording was also translated into Thai language.

Krosnik and Alwin (1987) argue that adverse response-order effects can significantly impact on the reliability and validity of survey measurement. Therefore, to minimise such effects, stage six involved the sequencing of the questionnaire to reduce the possibility of such effects. Such careful sequencing was aided by the recommendations of Churchill (1991) who advocates the use of simple opening questions and funnel approach sequencing.

Since the characteristics of a questionnaire can significantly affect the reaction and responses of respondents (Mayer and Piper, 1982), this factor was addressed in the physical design of the questionnaire. With the aim of improving responses and facilitating investigators' handling and control (Churchill, 1991), good quality paper of

A4 size was used, graphic work and consistent font styles and sizes were incorporated as were clear and concise respondent instructions (Mayer and Piper, 1982).

Churchill (1991) suggests that his questionnaire development procedure should be used only as a guide and mostly iteratively. Hence, at 'step eight' all decisions and justifications made previously were re-examined and where necessary adapted.

6.6. Questionnaire Pre-Testing (Step Nine)

Once a questionnaire has been developed, each question and the questionnaire as a whole must be evaluated before final administration (Converse and Presser, 1986; Churchill, 1991; de Vaus, 1996; Kent, 1993). Hence, in order to improve the content validity of the questionnaires, the survey instrument used in this study required "pilot testing" or "pre-testing".

During the testing phase in this study, respondents were told that the questions were being developed and they were being asked to improve them, if necessary. Despite some concerns of questionnaire length, no recommendation was made and thus full corporation was anticipated. The respondents were especially quizzed about questions in Likert scale, semantic differential scale, checklist, and ranking formats. They were also asked how they would phrase the question, what they had in mind when they have a particular answer and whether there were unavailable alternative answers they would have preferred to have given. The researcher presented respondents with different wordings for the same question and asked them if they would give the same answer now and asked which they found clearest and so forth. As a result, some question wording and instruction were rephrased and some words were replaced. For example, the word 'make' was suggested by most respondents to be a better word than 'marque' (previously used).

As well as testing individual questions, the questionnaire as a whole was evaluated. It was ensured that the questionnaire remained smoothness and clarity in transitions from one section to another and in skip patterns where filter questions were used. Each section (or even subsection) was timed to gain some idea of how much needed to be cut, if necessary, for the final phase. Thus, the respondents would be told correctly how long

the questionnaire would take. During the pre-testing phase, it was interesting that no respondent seemed to be bored, perhaps because a great variety of types of question was utilised and thus prevented a loss of attention. The average time on completing the whole questionnaire was fifteen minutes.

Note that this is a comparative study of two countries with different languages hence back translation is critical. Quantitative research should be based upon language and local language at that because the subtleties of communication rely heavily on vernacular and everyday speech (Pawle, 1999). Therefore, it was decided to use a structured questionnaire in the Thai language with Thai respondents in Bangkok for equivalence and validity.

In the light of pre-testing phase, it was decided to use the structured questionnaire. This structured questionnaire in the English language was translated into the Thai language and sent to a Thai academic at Hull University in the UK for backward translation. The English questionnaire from backward translation was then compared to the original structured questionnaire for modification. Finally, a structured questionnaire in Thai was prepared and taken to Bangkok for the survey with BMW and Mercedes car owners.

Appendix 7 : Thai Car Owner Questionnaire



The Burroughs
Middlesex
London
NW4 4BT

Office Use Only

□□□□□

QUESTIONNAIRE ON CUSTOMER PERCEPTIONS OF NEW LUXURY CARS

(Please ✓ on the answers you choose)

Your Personal Status

1. Your sex: (1) ☐ Male (1) (2) ☐ Female
2. Your age (Years): (1) ☐ 24 or under (1) (2) ☐ 25 - 34 (3) ☐ 35 - 44
(4) ☐ 45 - 54 (5) ☐ 55 - 64 (6) ☐ 65 or more
3. Marital Status:
(1) ☐ Single (2) ☐ Married (3) ☐ Divorced
(4) ☐ Widowed (5) ☐ Separated (6) ☐ Living together
4. Do you have any children? (1) ☐ YES (2) ☐ NO

If yes, how many? _____

Your Employment Details

5. Are you Employed? (1) ☐ YES (2) ☐ NO (go to Question 7)
6. If yes, are you: (1) ☐ Full-Time (2) ☐ Part-Time
7. Which sector do you work?
(1) ☐ Government (2) ☐ Semi Government (3) ☐ Private
(4) ☐ Self-Employed (5) ☐ Other (please specify) _____

8. In which area do you work?

- | | | |
|--|--|--|
| (1) <input type="checkbox"/> Accounting | (2) <input type="checkbox"/> Advertising | (3) <input type="checkbox"/> Aftersales |
| (4) <input type="checkbox"/> Commercial | (5) <input type="checkbox"/> Computing | (6) <input type="checkbox"/> Distribution |
| (7) <input type="checkbox"/> Finance | (8) <input type="checkbox"/> Law | (9) <input type="checkbox"/> Marketing |
| (10) <input type="checkbox"/> Press | (11) <input type="checkbox"/> Production | (12) <input type="checkbox"/> Quality |
| (13) <input type="checkbox"/> Sales | (14) <input type="checkbox"/> Services | (15) <input type="checkbox"/> Project/Planning |
| (16) <input type="checkbox"/> Research & Development | (17) <input type="checkbox"/> Other (please specify) _____ | |

9. What is your position?

- | | | |
|--|--|--|
| (1) <input type="checkbox"/> Chairman | (2) <input type="checkbox"/> Managing Director | (3) <input type="checkbox"/> Chief Executive |
| (4) <input type="checkbox"/> Director | (5) <input type="checkbox"/> Manager | (6) <input type="checkbox"/> Consultant |
| (7) <input type="checkbox"/> Owner | (8) <input type="checkbox"/> Partner | (9) <input type="checkbox"/> Administrator |
| (10) <input type="checkbox"/> Other (please specify) _____ | | |

10. What is your annual gross income?

- | | | |
|---|--|--|
| (1) <input type="checkbox"/> £25,000 - £44,999 | (2) <input type="checkbox"/> £45,000 - £64,999 | (3) <input type="checkbox"/> £65,000 - £94,499 |
| (4) <input type="checkbox"/> £95,000 - £124,999 | (5) <input type="checkbox"/> £125,000 or more | |

About Your Vehicle

11. Is this your first car?

- (1) ☐ YES (go to question 14)
(2) ☐ NO (continue question 12)

12. If NO, what is the make and model of your previous car?

Make: Model:

13. How satisfied were you with your previous car?

- | | |
|--|---|
| (1) <input type="checkbox"/> Very Satisfied | (2) <input type="checkbox"/> Somewhat Satisfied |
| (3) <input type="checkbox"/> Somewhat Dissatisfied | (4) <input type="checkbox"/> Very Dissatisfied |

14a. What is the make and model of your current car?

Make: Model:

14b. Did you buy this car? (1) ☐ YES (2) ☐ NO If not (please specify) _____

15. How satisfied are you with your current car?

- | | |
|--|---|
| (1) <input type="checkbox"/> Very Satisfied | (2) <input type="checkbox"/> Somewhat Satisfied |
| (3) <input type="checkbox"/> Somewhat Dissatisfied | (4) <input type="checkbox"/> Very Dissatisfied |

16. Please rank in order of importance four of the following items that determine choice of your current car:
most important 1 , second most important 2 ,

- | | |
|--|--|
| (1) <input type="checkbox"/> Purchase price | (12) <input type="checkbox"/> Reputation for quality / reliability |
| (2) <input type="checkbox"/> Cost to run and maintain | (13) <input type="checkbox"/> Performance |
| (3) <input type="checkbox"/> Recommendation from friends / relatives | (14) <input type="checkbox"/> Handling |
| (4) <input type="checkbox"/> Icon of high technology | (15) <input type="checkbox"/> Image of sportiness and exclusivity |
| (5) <input type="checkbox"/> Icon of social status | (16) <input type="checkbox"/> Image of prestige and status |
| (6) <input type="checkbox"/> Resale value | (17) <input type="checkbox"/> Level of equipment for the price |
| (7) <input type="checkbox"/> Previous experience with this make | (18) <input type="checkbox"/> Roominess |
| (8) <input type="checkbox"/> Previous experience with the dealer | (19) <input type="checkbox"/> Safety |
| (9) <input type="checkbox"/> Advertising | (20) <input type="checkbox"/> It is a company car & policy |
| (10) <input type="checkbox"/> Dealer Service | (21) <input type="checkbox"/> Other (please specify) _____ |
| (11) <input type="checkbox"/> Styling / Design | |

17. Would you recommend the manufacturer of your current car?

- | Definitely
YES | Probably
YES | Probably | Definitely
NOT |
|------------------------------|------------------------------|------------------------------|------------------------------|
| (1) <input type="checkbox"/> | (2) <input type="checkbox"/> | (3) <input type="checkbox"/> | (4) <input type="checkbox"/> |

18. Did you buy your car from a dealer?

- (1) ☐ YES (continue Question 19) (2) ☐ NO (go to Question 21)

19. If YES, which dealer? _____

20. Would you recommend this dealer to anyone else?

- | Definitely
YES | Probably
YES | Probably | Definitely
NOT |
|------------------------------|------------------------------|------------------------------|------------------------------|
| (1) <input type="checkbox"/> | (2) <input type="checkbox"/> | (3) <input type="checkbox"/> | (4) <input type="checkbox"/> |

21. If NOT the dealer, got the car from _____

22. Is it important to buy your next car from a dealer?

- (1) ☐ YES (2) ☐ NO

23. Do you use service from a dealer?

- (1) ☐ YES (continue Question 24) (2) ☐ NO (continue Question 28)

24. How would you rate your Dealer's Service Representative (person who deals with your *service*) on the following items?

	Excellent	Good	Fair	Poor
a. Promptness	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
b. Helpfulness	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
c. Courtesy	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
d. Knowledge about the vehicle	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
e. Overall performance	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>

25. How would you rate the dealer's capability regarding the following?

	Excellent	Good	Fair	Poor
Ease of obtaining an appointment for service	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
Ease of obtaining an appointment for repair	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
Promptness in handling service	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
Promptness in handling repair work	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
Availability of vehicle when promised	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
Fairness of fees for service work	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
Explanation of charges	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
Helpfulness of service personnel	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
Knowledge of service personnel	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
Quality of work done	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
Ability to resolve problem on first visit	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
Availability of spare parts for service	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
Helpfulness of parts department personnel	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
Cleanliness of service area	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
Cleanliness of customer lounge	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
Appearance of service area	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
Appearance of customer lounge	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>
Courtesy to customers	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>

YES

NO

26. Do you feel that this dealer values your business?

(1) ☐

(2) ☐

27. Do you feel this dealership considers your time to be very important?

(1) ☐

(2) ☐

Next Car Purchase

28. How likely are you to purchase the same model or its replacement next time?

- | | | | |
|---|--|---|---------------------------------------|
| <p>(1) <input type="checkbox"/> I definitely will</p> <p>(2) <input type="checkbox"/> I probably will</p> | <p>(If yes,
go to Question 29)</p> | <p>(3) <input type="checkbox"/> I probably will <u>not</u></p> <p>(4) <input type="checkbox"/> I definitely will <u>not</u></p> | <p>(If no,
go to Question 30)</p> |
|---|--|---|---------------------------------------|

If Yes:

29. Why would you purchase the same model next time? (Mark All That Apply)

- | | |
|--|--|
| <p>(1) <input type="checkbox"/> It is cost-effective to run and maintain</p> <p>(2) <input type="checkbox"/> Good warranty</p> <p>(3) <input type="checkbox"/> It is a company car & policy</p> <p>(4) <input type="checkbox"/> Good traction/handling</p> <p>(5) <input type="checkbox"/> It matches my prestige</p> <p>(6) <input type="checkbox"/> It matches my status</p> <p>(7) <input type="checkbox"/> It gains admiration from others</p> <p>(8) <input type="checkbox"/> It is used by many people</p> | <p>(9) <input type="checkbox"/> It is my own choice</p> <p>(10) <input type="checkbox"/> I like its car design/style</p> <p>(11) <input type="checkbox"/> Good dealer service</p> <p>(12) <input type="checkbox"/> High performance</p> <p>(13) <input type="checkbox"/> High technology</p> <p>(14) <input type="checkbox"/> It is expensive as such shows my well-being</p> <p>(15) <input type="checkbox"/> It is not used by many people</p> <p>(16) <input type="checkbox"/> Other (please specify) _____</p> |
|--|--|

If No:

30. Why would you not purchase the same model or its replacement next time? (Mark All That Apply)

- | | |
|--|---|
| <p>(1) <input type="checkbox"/> It is not cost-effective to run and maintain</p> <p>(2) <input type="checkbox"/> Poor warranty</p> <p>(3) <input type="checkbox"/> It is a company car & policy</p> <p>(4) <input type="checkbox"/> Poor traction/handling</p> <p>(5) <input type="checkbox"/> It does not match my prestige</p> <p>(6) <input type="checkbox"/> It does not match my status</p> <p>(7) <input type="checkbox"/> It does not gain admiration from others</p> <p>(8) <input type="checkbox"/> It is used by many people</p> | <p>(9) <input type="checkbox"/> It is not my own choice</p> <p>(10) <input type="checkbox"/> I want a different car design/style</p> <p>(11) <input type="checkbox"/> Poor dealer service</p> <p>(12) <input type="checkbox"/> Insufficient performance</p> <p>(13) <input type="checkbox"/> Insufficient Technology</p> <p>(14) <input type="checkbox"/> It is not expensive thus not showing my well-being</p> <p>(15) <input type="checkbox"/> It is not used by many people</p> <p>(16) <input type="checkbox"/> Other (please specify) _____</p> |
|--|---|

31. Which technical attributes must your luxury car have?

Rank in order of importance 1 being most important, 2 being second most important, ...

- | | | | |
|-------------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|
| <input type="checkbox"/> Durability | <input type="checkbox"/> Safety | <input type="checkbox"/> Security | <input type="checkbox"/> Performance |
| <input type="checkbox"/> Efficiency | <input type="checkbox"/> Technology | <input type="checkbox"/> Reliability | |

32. Which non-technical attributes must your luxury car have?

Rank in order of importance 1 being most important, 2 being second most important,

- | | | | |
|-------------------------------------|----------------------------------|----------------------------------|--------------------------------|
| <input type="checkbox"/> Prestige | <input type="checkbox"/> Status | <input type="checkbox"/> Design | <input type="checkbox"/> Style |
| <input type="checkbox"/> Handling | <input type="checkbox"/> Comfort | <input type="checkbox"/> Quality | <input type="checkbox"/> Value |
| <input type="checkbox"/> Brand Name | | | |

33. How important is it to you to drive the same car as your peers?

- | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|
| Very Important | Rather Important | Rather Unimportant | Not at all |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

34. How important was the social image of your car to your purchase?

- | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|
| Very Important | Rather Important | Rather Unimportant | Not at all |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

35. How important is it for your make to:

a. Keep up with changes in style?

- | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|
| Very Important | Rather Important | Rather Unimportant | Not at all |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

b. Keep up to date?

- | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|
| Very Important | Rather Important | Rather Unimportant | Not at all |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

c. Keep classic and traditional?

- | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|
| Very Important | Rather Important | Rather Unimportant | Not at all |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

36. How important is it that your make keeps up with technical developments?

- | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|
| Very Important | Rather Important | Rather Unimportant | Not at all |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

37. On each of the following characteristics, which of the 2 makes would you prefer:
(Tick only one brand)

	BMW	Mercedes-Benz
Design	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Quality	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Durability	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Safety	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Security	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Technology	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Reliability	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Handling	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Performance	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Efficiency	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Style	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Comfort	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Prestige	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Status	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Value	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Elegance	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Brand Name	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)
Other (please specify) _____	<input type="checkbox"/> (1)	<input type="checkbox"/> (2)

38. Please mark the position against each descriptive word which describes the best position for both BMW (X) and Mercedes-Benz (✓):



Most Luxury Brand Image

Least Luxury Brand Image

Highest Social Status 1 ————— 4
Least Social Status

Most Prestige 1 ————— 4
Least Prestige

Most Sporty 1 ————— 4
Least Sporty

Most Classic 1 ————— 4
Least Classic

Most Modern 1 ————— 4
Least Modern

Most Attractive 1 ————— 4
Least Attractive

Highest Performance 1 ————— 4
Lowest Performance

Highest Technology 1 ————— 4
Lowest Technology

Highest Level of Equipment 1 ————— 4
Lowest Level of Equipment

Most Desirable 1 ————— 4
Least Desirable

Most Elegance 1 ————— 4
Least Elegance

Most Exclusive 1 ————— 4
Least Exclusive

Highest Driver's Image 1 ————— 4
Lowest driver's Image

Most Expensive 1 ————— 4
Least Expensive

39. What words best describe the image of BMW?

1. _____	2. _____	3. _____
4. _____	5. _____	6. _____
7. _____	8. _____	9. _____
10. _____		

40. What words best describe the image Mercedes-Benz?

1. _____	2. _____	3. _____
4. _____	5. _____	6. _____
7. _____	8. _____	9. _____
10. _____		

41. In what ways are luxury cars different to ordinary cars?

41. Next time you buy a luxury car, what would be your marque and model?

Marque: Model:

THANK YOU FOR YOUR CO-OPERATION

Jakrapan ANURIT

Tel: 0181 – 362 6833

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Appendix 8 : Reminder for Thai Respondents



**MIDDLESEX
UNIVERSITY**

The Burroughs
London, ENGLAND
NW4 4BT
Tel 0181 362 5000
Fax 0181 202 1539

4th November 1999

Mr. Sorat Wongpat
1/21 of 6
Kannayao
Bangkok 10230

Dear Mr. Wongpat,

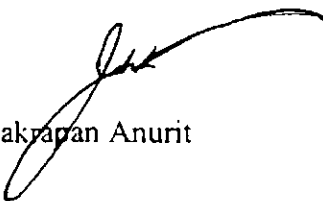
I am currently conducting a survey on customer perceptions of luxury cars, which should prove beneficial to you and the manufacturer.

On behalf of Middlesex University Business School, I should be most grateful if you could help complete the enclose questionnaire and kindly send it back in the prepaid envelope provided.

The areas we would like to cover for both BMW and MB are: (a) What are the special characteristics of each car range? (b) What is the differences in brand image? (c) The extent and degree of customer brand loyalty (d) What factors influence customers' choice of dealer? (e) How satisfied are you with your service provision?

This is a completely confidential and non-commercial inquiry, monitored by the University and independently assessed by leading academic examiners.

Yours sincerely



Jakrapan Anurit

Appendix 9 : UK Dealer Questionnaire



The Burroughs
Middlesex
London
NW4 4BT

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QUESTIONNAIRE ON DEALER EMPLOYEE PERCEPTIONS OF NEW LUXURY CARS

Your Opinions about Mercedes-Benz

- 1. What are the chief characteristics/ main attributes of Mercedes E class and S Class?**

--

- ## 2. What is the Brand Identity of Mercedes-Benz?

--

- ### 3. Why do you think customers buy Mercedes E Class and S Class?

--

4. What is the Key Selling Point of Mercedes-Benz?

--

5. Why do customers choose particular Mercedes dealers?

--

6. What are the chief characteristics/ main attributes of BMW 5 Series & 7 Series?

--

7. What is the Brand Identity of BMW?

--

8. Why do you think customers buy BMW 5 Series & 7 Series?

--

9. Who is the BMW customer?

--

10. What is the Key Selling Point of BMW?

11. What is the chief difference between Mercedes E Class & S Class and BMW 5 Series & 7 Series for customer point of view?

THANK YOU FOR YOUR CO-OPERATION

Jakrapan ANURIT Tel: 0181 – 362 6833

E-mail: j.anurit@mdx.ac.uk

Appendix 10 : UK Car Owner Questionnaire



The Burroughs
Middlesex
London
NW4 4BT

Office Use Only

□□□□□

QUESTIONNAIRE ON CUSTOMER PERCEPTIONS OF NEW LUXURY CARS

About Your Vehicle

1. What is the make and model of your current car?

Make: _____ Model: _____

2. If this is not your first car, what was the make and model of your previous car?

Make: _____ Model: _____

3. How satisfied are you with your current car? (Please tick)

Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied

4. Please state four reasons that determine the choice of your current car:

5. Would you recommend to anyone else:

	Definitely YES	Probably YES	Probably NOT	Definitely NOT
a. the brand of your current car?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. the dealer of your current car?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. the same car model or its replacement next time?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. How would you rate the dealer's capability regarding the following?

	Excellent	Good	Fair	Poor
a. Responsiveness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Reliability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Promptness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Helpfulness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Technical Competence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Quality of work done	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Cleanliness of premises	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Appearance of staffs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Appearance of premises	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Courtesy of staffs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Your Opinions

7. How likely are you to purchase the same brand of your car next time?

<input type="checkbox"/> I definitely will	} (If yes, go to Question 8)	<input type="checkbox"/> I probably will <u>not</u>	} (If no, go to Question 9)
<input type="checkbox"/> I probably will		<input type="checkbox"/> I definitely will <u>not</u>	

If Yes:

8. Please state four reasons why you would purchase the same brand of your car next time?

--

If No:

9. Please state four why you would not purchase the same brand of your car next time?

--

10. Which technical attributes must your luxury car have?

Rank in order of importance 1 being most important, 2 being second most important,

- | | | | |
|-------------------------------------|-------------------------------------|-----------------------------------|---|
| <input type="checkbox"/> Durability | <input type="checkbox"/> Safety | <input type="checkbox"/> Security | <input type="checkbox"/> Performance |
| <input type="checkbox"/> Efficiency | <input type="checkbox"/> Technology | <input type="checkbox"/> Space | <input type="checkbox"/> Useful Electronics |

11. Which non-technical attributes must your luxury car have?

Rank in order of importance 1 being most important, 2 being second most important,

- | | | | |
|-----------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
| <input type="checkbox"/> Prestige | <input type="checkbox"/> Status | <input type="checkbox"/> Design | <input type="checkbox"/> Style |
| <input type="checkbox"/> Handling | <input type="checkbox"/> Comfort | <input type="checkbox"/> Quality | <input type="checkbox"/> Reliability |
| <input type="checkbox"/> Value | <input type="checkbox"/> Image / Icon | <input type="checkbox"/> Exclusivity | <input type="checkbox"/> Modern |

12. How important is it to you to drive the same car as your peer groups?

- | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|
| Very Important | Rather Important | Rather Unimportant | Not at all |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

13. How important was the social image of your car to your purchase?

- | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|
| Very Important | Rather Important | Rather Unimportant | Not at all |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

14. How important is it for your make to:

	Very Important	Rather Important	Rather Unimportant	Not at all
a. keep up with changes in style?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. keep up to date?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. keep classic and traditional?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. keep up with technical innovation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15. Next time you buy a luxury car, what would be your make and model?

Make: Model:

Your Personal Details

16. Your sex: ☐ Male ☐ Female

17. Your age (Years): ☐ 24 or under ⁽¹⁾ ☐ 25 – 44 ☐ 45 - 64
☐ 65 or more

18. Marital Status: ☐ Single ☐ Married

19. Do you have any children? ☐ YES ☐ NO

20. Occupation: _____ Position: _____

21. What is your annual gross income?

⁽¹⁾ ☐ £50,000 – £75,000 ⁽²⁾ ☐ £75,001 – £100,000 ⁽³⁾ ☐ £100,001 +

THANK YOU FOR YOUR CO-OPERATION

Jakrapan ANURIT

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Appendix 11 : Profiles of BMW and Mercedes Respondents in Bangkok

In order to capture the possible variety of factors in consumer purchase decisions of luxury cars, it was important that the samples included car owners from different age groups. A result of this fieldwork is that age of BMW respondents varies from under 24 to 65 years or more (presented in Table 11.1); and age of Mercedes respondents also varies from under 24 to 65 years or more (presented in Table 11.2).

Table 11.1. Ages of BMW Respondents in Bangkok

Age	Number of Car Owners	Percent
24 or under	13	17.3
25 – 34	19	25.3
35 – 44	14	18.7
45 – 54	14	18.7
55 – 64	13	17.3
65 or more	2	2.7
Total	75	100.0

Table 11.2. Ages of Mercedes Respondents in Bangkok

Age	Number of Car Owners	Percent
24 or under	21	28
25 – 34	17	22.7
35 – 44	11	14.7
45 – 54	10	13.3
55 – 64	13	17.3
65 or more	3	4.0
Total	75	100.0

From largest to smallest groups, the BMW respondents are: (1) 25-34, (2) 35-44 and 45-54, (3) 24 or under & 55-64, and (4) 65 or more (represented in Figure 4.5); the Mercedes respondents are: (1) 24 or under, (2) 25-34, (3) 55-64, (4) 35-44 & 45-54, and (4) 65 or more. That is, the largest group of BMW car owners is those who are 25-34, whereas the largest group of Mercedes car owners is those who are 24 or under. However, this does not suggest that preference for BMW is simply determined by age of Thai consumers. Using the information about from where the respondents got their cars in the questionnaires, it is informed that most of Mercedes cars owned by this

group were indeed purchased by their parents. Therefore, the difference in proportion of age of car owners of the two marques is not significant or problematic in this study.

Gender of BMW and Mercedes Owner Respondents in Thailand

Table 11.3 and 11.4 show that the majority of BMW and Mercedes car owners are male. However, there are more female owners of Mercedes than those of BMW (30:23). Again, it should not be concluded that preference towards Mercedes-Benz is, to some extent, determined by gender of the car buyers in Thailand. It was also informed that their cars were purchased by their spouses or parents, and hence the difference in gender proportions of samples of the two marques should not be problematic in this study.

Table 11.3. Gender of BMW Respondents in Bangkok

Gender	Number of Car Owners	Percent
Male	52	69.3
Female	23	30.7
Total	75	100.0

Table 11.4. Gender of Mercedes Respondents in Bangkok

Gender	Number of Car Owners	Percent
Male	45	60.0
Female	30	40.0
Total	75	100.0

Indeed, when profiling the age and gender of the two samples together and compare, the quota samples of the two marques have relatively the same proportion (presented in Table 11.5).

Table 11.5. Comparison of Age and Gender Profiles of Thai Respondents

Gender	BMW		Mercedes-Benz	
	Below 45	45 or over	Below 45	45 or over
M	27	25	29	16
F	12	36	20	10
Total	39	36	49	26
	75		75	

Data generated in the quantitative research in Thailand should, then, prove valid and reliable and hence can be utilised to study the hypothetical constructs and the effects of the intervening variables indicated by the qualitative research in Chapter 7 (see Figure 7.3).

Income of BMW and Mercedes Respondents in Bangkok

Given that income is usually one of the most influential economic factors that determine choices of a number of products (Clarkson, 1963; Glock and Nicosia, 1964), it is important to ensure that there is no significant differences between income of respondents of the two marques. By and large, it is generally common that age and income are mutually exclusive: that is, individuals' income level goes small to high as they move from young to old (Clarkson, 1963; Glock and Nicosia, 1964). Thus, the relationship between monthly income and age was examined (presented in Figure 11.1 and 11.2).

Figure 11.1. Relationship of Age and Monthly Income of BMW Respondents in Bangkok

Monthly Salary (bath)	Age (Years)						Total
	24 or under	25 - 34	35 - 44	45 - 54	55 - 64	65 or more	
25,000 - 44,999	12	7	5				24
45,000 - 64,999	1	7	3	2	2		15
65,000 - 94,499		1	3	5	4		13
95,000 - 124,999		1	2	1	2		6
125,000 or more		3	1	6	5	2	17
Total	13	19	14	14	13	2	75

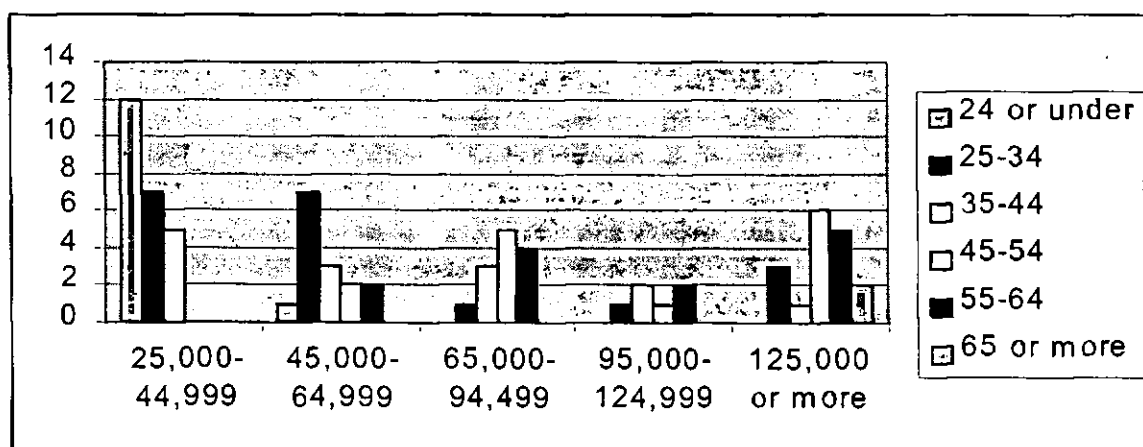
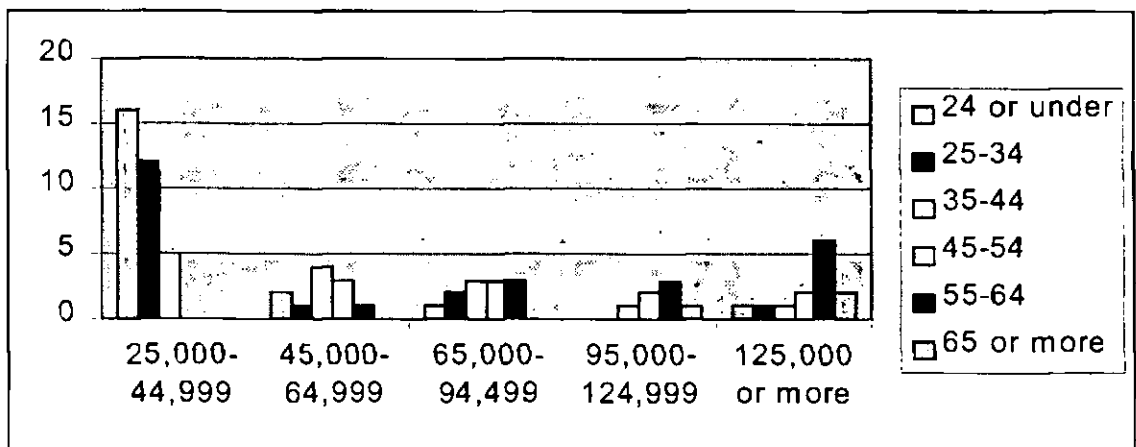


Figure 11.2. Relationship of Age and Monthly Income of Mercedes Respondents in Thailand

Monthly Salary (bath)	Age (Years)						Total
	24 or under	25 – 34	35 - 44	45 - 54	55 - 64	65 or more	
25,000 - 44,999	16	12	5				33
45,000 - 64,999	2	1	4	3	1		11
65,000 - 94,499	1	2		3	3		9
95,000 - 124,999			1	2	3	1	7
125,000 or more	1	1	1	2	6	2	14
Total	20	17	11	10	13	3	75



As expected, Figure 11.1 and 11.2 show that there is correlation between age and income amongst the car owners of each marque. Above all, income levels of BMW and Mercedes respondents are considerably identical in proportion (see Figure 11.3 and Figure 11.4).

Figure 11.3. Monthly Income of BMW Respondents in Bangkok

Monthly Income (bath)	Number of Car Owners	Percent
25,000 – 44,999	24	32
45,000 – 64,999	15	20
65,000 – 94,499	13	17
95,000 – 124,999	6	8
125,000 or more	17	23
Total	75	100

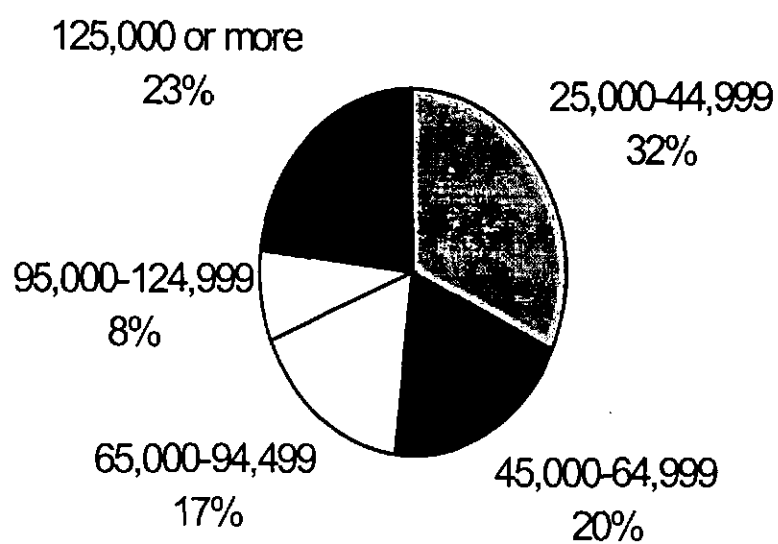
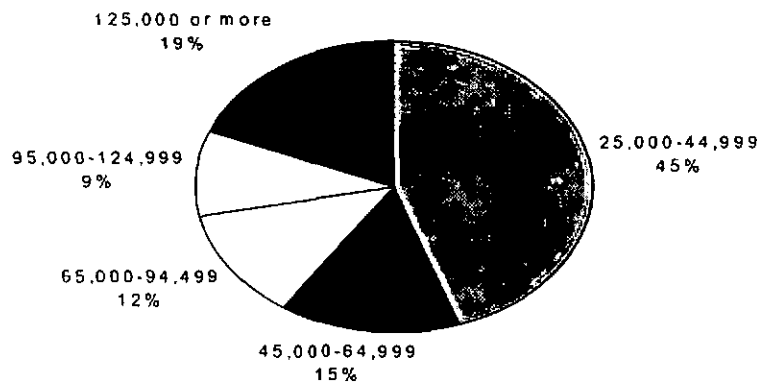


Figure 11.4. Monthly Income of Mercedes Respondents in Bangkok

Monthly Income (bath)	Number of Car Owners	Percent
25,000 – 44,999	33	45
45,000 – 64,999	11	15
65,000 – 94,499	9	12
95,000 – 124,999	7	9
125,000 or more	14	19
Total	74	100



The income level of the samples of both marques include people with monthly income level of: 25,000-44,999; 125,000 or more; 45,000-64,999; 65,000-94,499; and 95,000-124,999 Thai baht. In terms of proportion, from largest to smallest groups, both BMW and Mercedes respondents have the following level of income: (1) 25,000-44,999, (2) 125,000 or more, (3) 45,000-64,999, (4) 65,000-94,499, and (5) 95,000-124,999.

Marital Status of BMW and Mercedes Respondents in Bangkok

The marital status of respondents of each marque varies: the samples include people who are married, single, divorced, separated, and living with their partners. In terms of proportion, from largest to smallest groups, BMW respondents are: (1) married, (2) single, (3) divorced, and (4) separated and living with their partners (presented in Figure 11.5); the Mercedes respondents are: (1) single, (2) married, (3) divorced, (4) separated, and (5) living with their partners (presented in Figure 11.6).

The main difference is the largest group of the two samples. That is, the majority of BMW respondents are married, whereas the majority of Mercedes respondents are single. This is simply because they are under 24 (as mentioned at the beginning). As a result, more BMW car owners have children than Mercedes car owners [50 BMW respondents have and 50 BMW respondents do not; 46 Mercedes respondents have and 29 do not]. Therefore, the difference in marital status between the samples of the two marques is not significant in this study.

Figure 11.5. Marital Status of BMW Respondents in Bangkok

Marital Status	Number of Car Owners	Percent
Single	31	41
Married	40	53
Divorced	3	4
Separated	1	1
Living together	1	1
Total	75	100

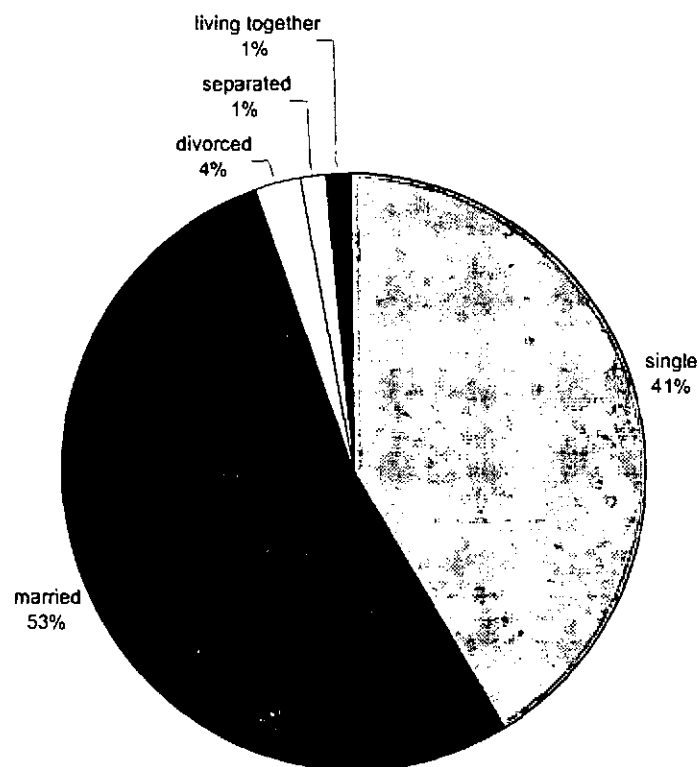
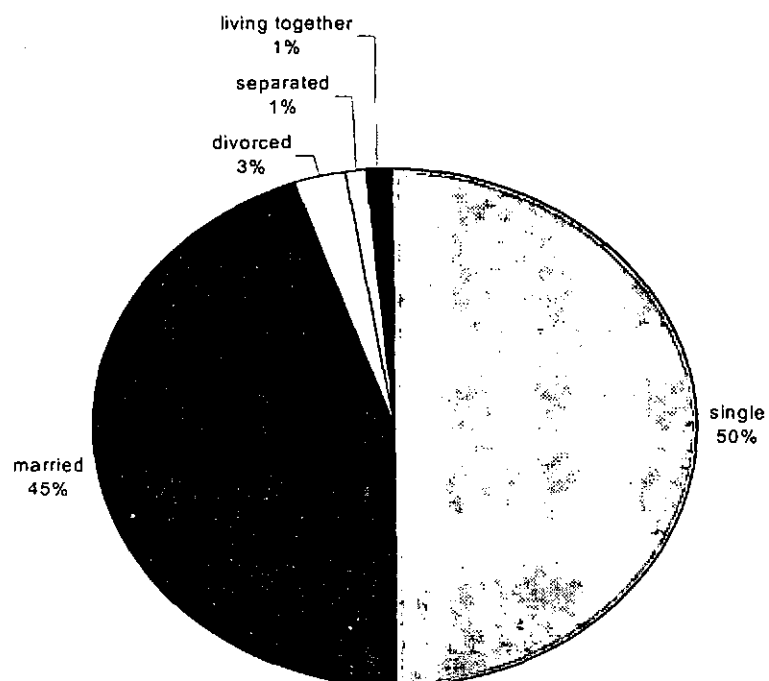


Figure 11.6. Marital Status of Mercedes Respondents in Bangkok

Marital Status	Number of Car Owners	Percent
Single	38	50
Married	34	45
Divorced	2	3
Separated	1	1
Living together	1	1
Total	75	100



Occupation of BMW and Mercedes Respondents in Bangkok

This section provides description of occupation of the two groups of respondents. To capture the possible variety of their occupation, the structured questionnaire was designed to include employment sector, employment area, and employment position. The discussion about these three data follow.

Employment Sectors of Respondents in Bangkok

The proportion of employment of the two groups are almost identical. For those who were employees, the chosen employment sectors included government and semi-government; whereas those who had their own businesses identified themselves as being private workers, self-employed and specified their employment sectors as business owners in 'other' section. In other words, 20 of BMW respondents are employees and 50 of them are business owners (presented in Figure 11.7); whilst 26 of Mercedes respondents are employees and 49 of them are business owners (presented in Figure 11.8).

Figure 11.7. Employment Sector of BMW Respondents in Bangkok

Employment Sector	Number of Car Owners	Percent
Government	9	12
Semi Government	4	5
Private	35	48
Self-Employed	18	24
Other	8	11
Total	74	100

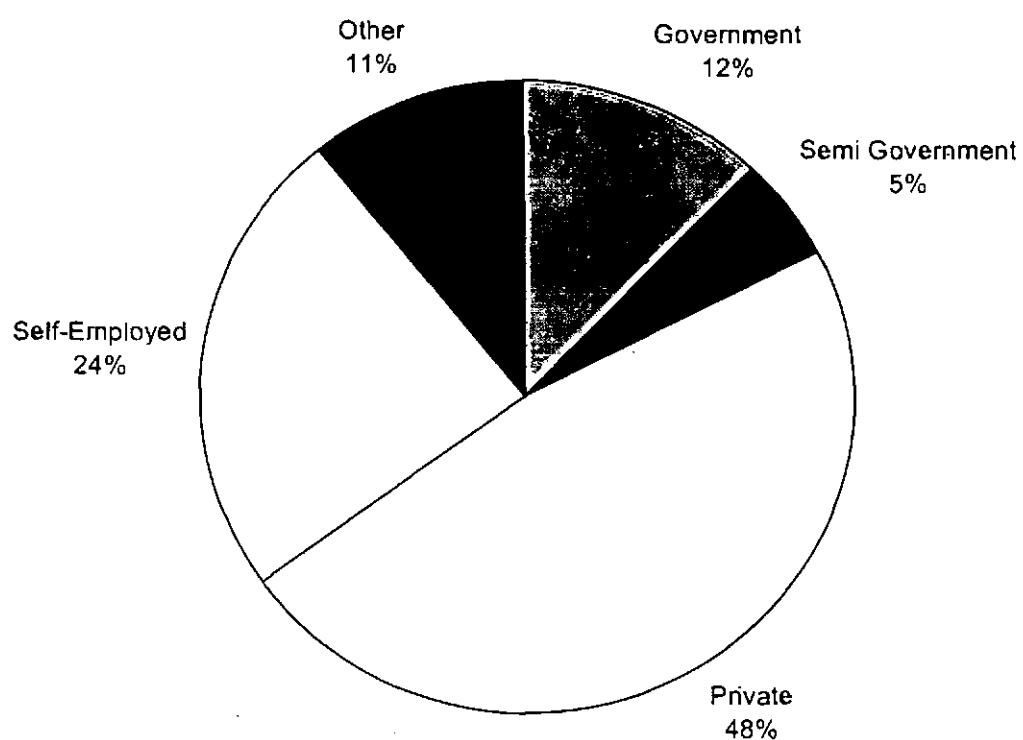
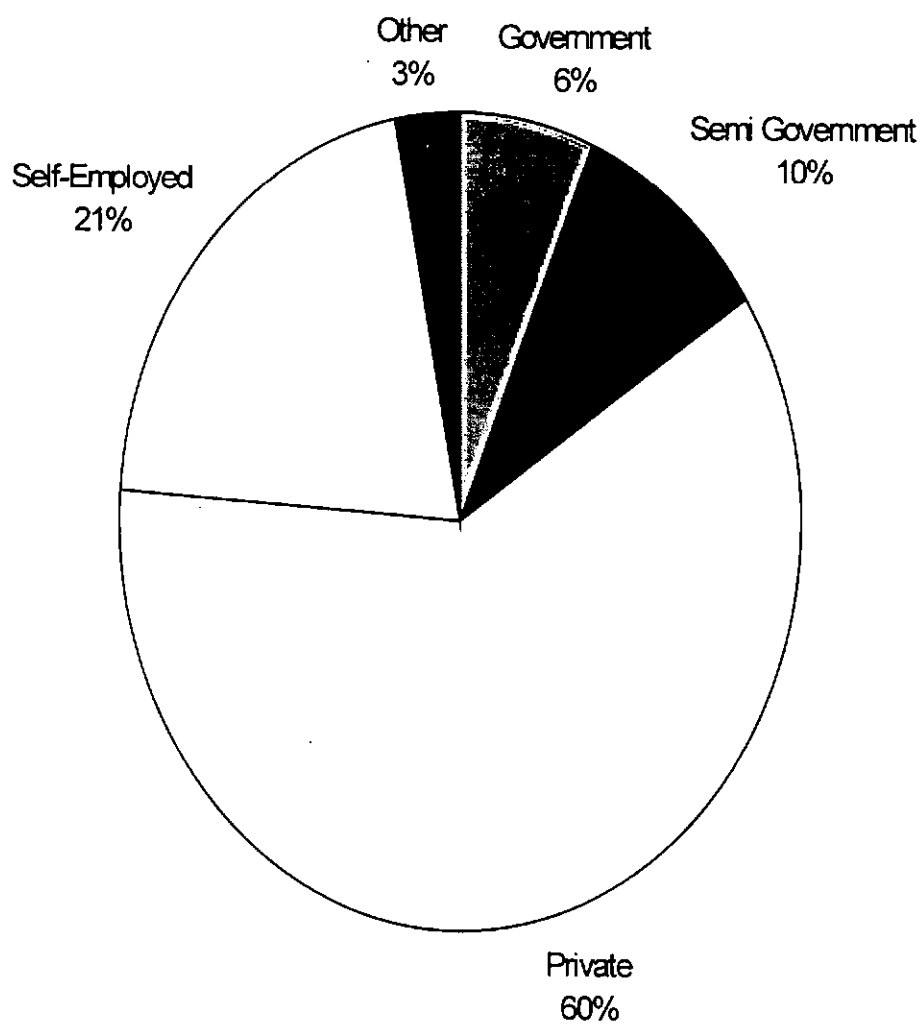


Figure 11.8. Employment Sector of Mercedes Respondents in Thailand

Employment Sector	Number of Car Owners	Percent
Government	4	6
Semi Government	6	10
Private	38	60
Self-Employed	13	21
Other	2	3
Total	63	100



In terms of proportion, from the largest to smallest groups, their employment sectors can be placed in the following order: (1) private (business owner), (2) self-employed (business owner), (3) government, (4) other (business owner), and (5) semi-government. Thus, this similarity in employment sectors helped to prove validity and reliability of the data.

Employment Areas and Positions of BMW and Mercedes Respondents in Bangkok

The employment area of the samples of each marque includes a variety professions. These comprise accounting, advertising, commercial, computing, distribution, finance, law, marketing, press, production, quality, sales, services, project/planning, research and development, and others specified by the respondents. Also, instead of specifying their professions, some of the respondents who had own businesses indicated that they were business owners in the 'other' section; and some of them left this question empty, simply because they had already identified themselves as being a business owner. The employment areas of the BMW and Mercedes respondents are presented in Figure 11.9 and 11.10.

Figure 11.9. Employment Area of BMW Respondents in Bangkok

Employment Area	Number of Car Owners	Percent
Accounting	2	3
Advertising	5	7
Commercial	9	13
Computing	3	4
Distribution	1	1
Finance	6	9
Law	4	6
Marketing	3	4
Press	1	1
Production	6	9
Quality	1	1
Sales	5	7
Services	4	6
Project/Planning	1	1
R&D	1	1
Other	18	27
Total	70	100

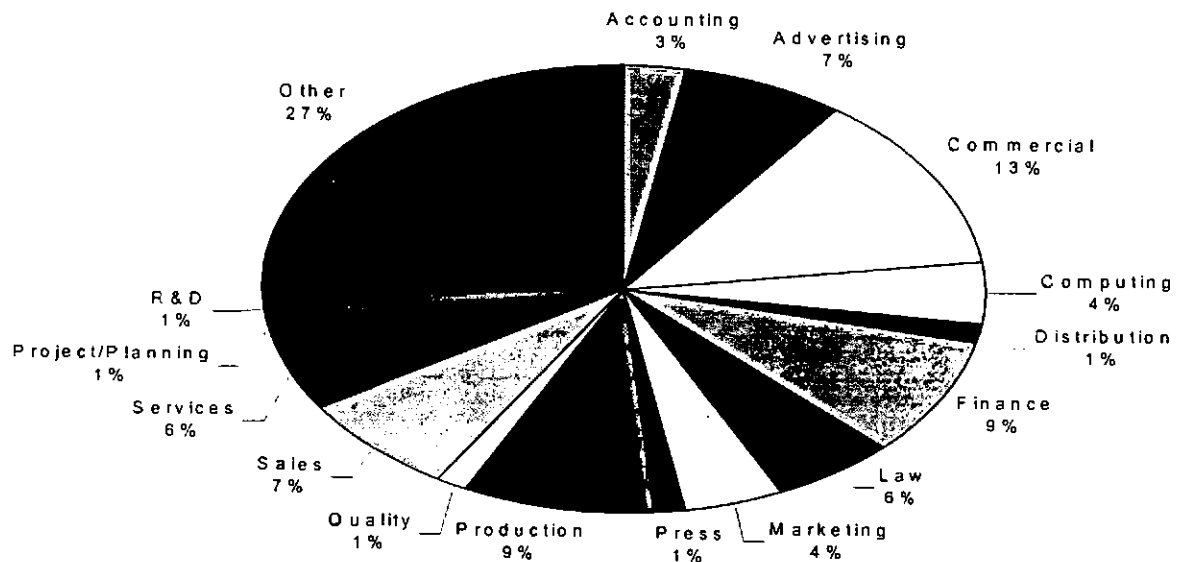
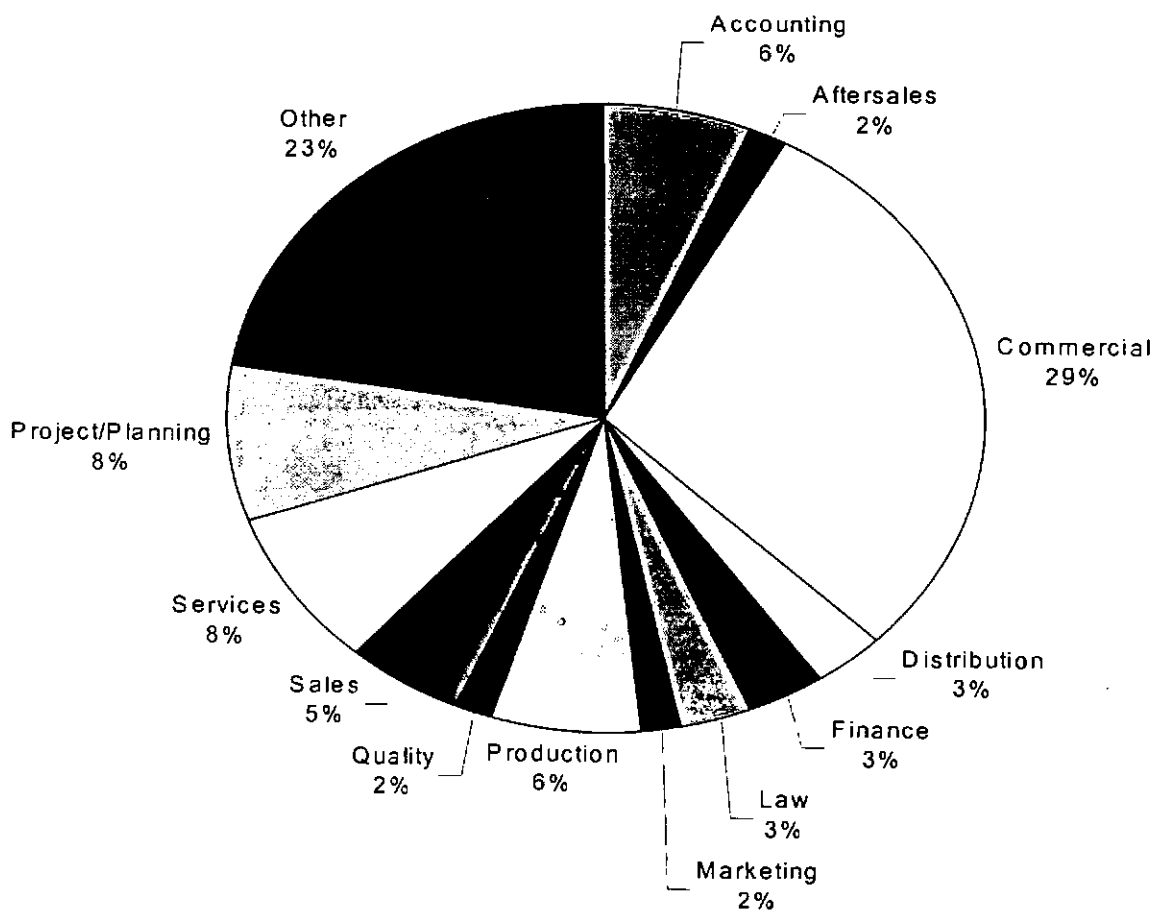


Figure 11.10. Employment Area of Mercedes Respondents in Bangkok

Employment Area	Number of Car Owners	Percent
Accounting	4	6
Aftersales	1	2
Commercial	18	29
Distribution	2	3
Finance	2	3
Law	2	3
Marketing	1	2
Production	4	6
Quality	1	2
Sales	3	5
Services	5	8
Project/Planning	5	8
Other	14	23
Total	62	100



There is no significant difference between employment areas of the two samples. According to Figures 11.9 and 11.10, it shows that the largest employment area identified by BMW respondents is business owner (specified in 'other' section), whereas the majority of Mercedes respondents are working in commercial field. However, this is not significantly different because they both were business owners, which is the majority of work category of each group. Indeed, it is beneficial that the employment areas of both samples included a number of professional fields. Principally, this helped to avoid bias that occupation of Thai people was what predominantly determined the choices of their new luxury cars.

Given the majority of respondents of the two samples are business owners, many of them specified their work positions as owner, manager, business owner (specified in the 'other' section), and partner. In short, they all had a relatively high positions whether they were business owners or employees.

So far, this appendix has described the social demographics of the quota samples of both marques in comparison.. It revealed that there were no significant differences in age, sex, income, marital status, and occupation between the quota samples of BMW and Mercedes. Therefore, the data generated by each group of respondents shared an overall similarity in their social demographics and hence avoided bias. In other words, BMW and Mercedes car owners are generally similar in terms lifestyles or basic living nature. This, however, has not provided an answer why the majority of Thai people purchased Mercedes-Benz and not BMW. Referring to the qualitative research, the BMW and Mercedes dealer staffs and the car owners strongly agreed that there existed social influences (face-saving and group conformity pressures in association with socially shared brand images) on purchase decisions of new luxury cars amongst the majority Thais (the Mercedes car buyers); whereas other consumers associated their consequences with purchase (of BMW cars) in terms of sportiness and exclusivity. Therefore, this helped to suggest that:

Age, sex, income, marital status, and occupation do not determine the new luxury car choices of Thai consumers.

Appendix 12 : Correlation Matrix of BMW and Mercedes Car Owners' Attitude Variables

Customer attitudes towards these attributes held by their own car marque and the marque they did not own were measured using semantic differential format (see Appendix 7 question 38). Therefore, matrixes of correlations between these variables can be constructed by using data from BMW customers and Mercedes customers as shown in Tables 12.1 and 12.2.

In Table 12.1, the correlation matrix, constructed from the data obtained from BMW customers, show relatively high correlations among 'luxury brand image', 'social status', and 'prestige'. These variables correlate with the same set of symbolic factors. Likewise, there are relatively high correlations among 'sporty', 'performance', 'technology', 'modern', and 'level of equipment'; and among 'desirable' and 'elegance'. The former correlations correlate with technical factors, while the latter correlations correlate with emotional factors.

In Table 12.2, the correlation matrix, constructed from the data obtained from Mercedes customers show three main groups of high correlations which correlate with combination of factors. The first group is high correlations among 'luxury brand image', 'social status', 'prestige', 'classic', 'elegance', 'reliable', and 'expensive', which correlate with symbolic, emotional, technical, and price factors. The second group is high correlations among 'performance', 'sporty', 'modern', 'technology', and 'level of equipment', which correlate mainly with technical factors. The third group is high correlations among 'desirable', 'elegance', 'exclusive', 'reliable', and 'expensive', which correlate with emotional, technical, and price factors.

Given that there are such differences in correlations and factors, it is possible to find order of importance of customer attitudes towards attributes of their own marque and the marque they did not own, by using data from the semantic differential format in the questionnaires.

Table 12.1. Correlation Matrix of BMW Owner Attitudes towards BMW

	Luxury Brand Image	Social Status	Prestige	Sporty	Classic	Modern	Design	Perform- -ance	Techno- -logy	Level of Equip- -ment	Desir- -able	Elegance	Exclu- -sive	Reliable	Expensive
Luxury Brand Image	1.000	0.855	0.684	0.363	0.369	0.453	0.316	0.328	0.476	0.259	0.491	0.421	0.361	0.261	0.496
Social Status	0.855	1.000	0.690	0.206	0.503	0.529	0.404	0.343	0.467	0.266	0.482	0.443	0.392	0.335	0.545
Prestige	0.684	0.690	1.000	0.434	0.346	0.540	0.332	0.490	0.497	0.299	0.444	0.473	0.372	0.285	0.626
Sporty	0.363	0.206	0.434	1.000	0.210	0.469	0.299	0.740	0.511	0.424	0.228	0.403	0.339	0.201	0.522
Classic	0.369	0.503	0.346	0.210	1.000	0.459	0.225	0.428	0.364	0.145	0.076	0.229	0.346	0.274	0.432
Modern	0.453	0.529	0.540	0.469	0.459	1.000	0.444	0.679	0.735	0.375	0.413	0.353	0.248	0.329	0.571
Design	0.316	0.404	0.332	0.299	0.225	0.444	1.000	0.517	0.371	0.384	0.295	0.363	0.201	0.236	0.424
Performance	0.328	0.343	0.490	0.740	0.428	0.679	0.517	1.000	0.710	0.594	0.341	0.478	0.331	0.313	0.610
Technology	0.476	0.467	0.497	0.511	0.364	0.735	0.371	0.710	1.000	0.500	0.416	0.372	0.431	0.357	0.673
Level of Equipment	0.259	0.266	0.299	0.424	0.145	0.375	0.384	0.594	0.500	1.000	0.157	0.218	0.317	-0.015	0.423
Desirable	0.491	0.482	0.444	0.228	0.076	0.413	0.295	0.341	0.416	0.157	1.000	0.661	0.322	0.397	0.394
Elegance	0.421	0.443	0.473	0.403	0.229	0.353	0.363	0.478	0.372	0.218	0.661	1.000	0.431	0.483	0.595
Exclusive	0.361	0.392	0.372	0.339	0.346	0.248	0.201	0.331	0.431	0.317	0.322	0.431	1.000	0.173	0.551
Reliable	0.261	0.335	0.285	0.201	0.274	0.329	0.236	0.313	0.357	-0.015	0.397	0.483	0.173	1.000	0.379
Expensive	0.496	0.545	0.626	0.522	0.432	0.571	0.424	0.610	0.673	0.423	0.394	0.595	0.551	0.379	1.000

Table 12.2. Correlation Matrix of Mercedes Owner Attitudes towards Mercedes

	Luxury Brand Image	Social Status	Prestige	Sporty	Classic	Modern	Design	Perform- -ance	Techno- -logy	Level of Equip- -ment	Desir- -able	Elegance	Exclu- -sive	Reliable	Expensive
Luxury Brand Image	1.000	0.724	0.822	0.312	0.652	0.491	0.272	0.311	0.409	0.480	0.554	0.709	0.614	0.725	0.724
Social Status	0.724	1.000	0.795	0.302	0.553	0.330	0.334	0.248	0.334	0.422	0.526	0.524	0.515	0.556	0.443
Prestige	0.822	0.795	1.000	0.492	0.779	0.516	0.332	0.260	0.478	0.448	0.586	0.639	0.593	0.628	0.781
Sporty	0.312	0.302	0.492	1.000	0.472	0.588	0.563	0.500	0.614	0.452	0.466	0.509	0.521	0.522	0.451
Classic	0.652	0.553	0.779	0.472	1.000	0.573	0.459	0.278	0.491	0.560	0.659	0.590	0.597	0.658	0.759
Modern	0.491	0.330	0.516	0.588	0.573	1.000	0.654	0.623	0.745	0.712	0.677	0.594	0.561	0.649	0.575
Design	0.272	0.334	0.332	0.563	0.459	0.654	1.000	0.536	0.656	0.632	0.569	0.532	0.531	0.546	0.330
Performance	0.311	0.248	0.260	0.500	0.278	0.623	0.536	1.000	0.724	0.722	0.502	0.367	0.417	0.432	0.249
Technology	0.409	0.334	0.478	0.614	0.491	0.745	0.656	0.724	1.000	0.748	0.602	0.451	0.526	0.508	0.481
Level of Equipment	0.480	0.422	0.448	0.452	0.560	0.712	0.632	0.722	0.748	1.000	0.639	0.389	0.428	0.514	0.366
Desirable	0.554	0.526	0.586	0.466	0.659	0.677	0.569	0.502	0.602	0.639	1.000	0.605	0.652	0.703	0.569
Elegance	0.709	0.524	0.639	0.509	0.590	0.594	0.532	0.367	0.451	0.389	0.605	1.000	0.813	0.901	0.704
Exclusive	0.614	0.515	0.593	0.521	0.597	0.561	0.531	0.417	0.526	0.428	0.652	0.813	1.000	0.747	0.665
Reliable	0.725	0.556	0.628	0.522	0.658	0.649	0.546	0.432	0.508	0.514	0.703	0.901	0.747	1.000	0.694
Expensive	0.724	0.443	0.781	0.451	0.759	0.575	0.330	0.249	0.481	0.366	0.569	0.704	0.665	0.694	1.000

Normal Distribution of BMW and Mercedes Car Owners' Attitude Variables

The attitudes were measured using the well-established semantic differential format, the only different being that a four-point scale was used instead of five (see Appendix 7 question 38). The indexes for BMW and Mercedes car owner attitudes towards the attributes of their own car marque and the other can be calculated by composite means of the scale. Table 12.3 presents minimum, maximum, mean, and standard deviation of customer attitudes towards descriptive attributes of BMW, whilst minimum, maximum, mean, and standard deviation of customer attitudes towards 15 descriptive attributes of Mercedes-Benz were presented in Table 12.4.

Table 12.3. BMW car owners' positioning against descriptive attributes

	N	Minimum	Maximum	Mean	Std. Deviation
Mercedes's most luxury brand image	75	1.03	2.40	1.448	0.205
BMW's most luxury brand image	75	1.10	2.50	1.918	0.388
Mercedes's highest social status	75	1.20	2.40	1.445	0.223
BMW's highest social status	75	1.05	2.70	1.903	0.396
Mercedes's most prestige	75	1.05	11.40	1.575	1.171
BMW's most prestige	75	1.30	2.60	1.895	0.370
Mercedes's most sporty	75	1.05	3.60	2.209	0.544
BMW's most sporty	75	1.05	2.30	1.431	0.244
Mercedes's most classic	75	1.03	3.60	1.820	0.538
BMW's most classic	75	1.00	3.40	1.714	0.497
Mercedes's most modern	75	1.07	3.40	2.019	0.451
BMW's most modern	75	1.02	2.60	1.476	0.298
Mercedes's best design	75	1.07	3.45	1.951	0.515
BMW's best design	75	1.07	2.50	1.519	0.286
Mercedes's highest performance	75	1.07	2.90	2.145	0.405
BMW's highest performance	75	1.10	2.30	1.446	0.231
Mercedes's highest technology	75	1.30	3.10	2.017	0.430
BMW's highest technology	75	1.07	2.60	1.514	0.342
Mercedes's highest level of equipment	75	1.07	3.50	2.046	0.466
BMW's highest level of equipment	75	1.20	2.60	1.544	0.358
Mercedes's most desirable	75	1.15	3.50	1.682	0.502
BMW's most desirable	75	1.10	2.80	1.829	0.435
Mercedes's most elegance	75	1.10	3.50	1.577	0.421
BMW's most elegance	75	1.20	2.70	1.890	0.440
Mercedes's most exclusive	75	1.07	2.50	1.471	0.311
BMW's most exclusive	75	1.30	3.40	2.007	0.458
Mercedes's most reliable	75	1.05	12.60	1.736	1.338
BMW's most reliable	75	1.10	2.70	1.838	0.356
Mercedes's most expensive	75	1.07	2.30	1.469	0.217
BMW's most expensive	75	1.30	2.70	1.825	0.438

Table 12.4. Mercedes car owners' positioning against descriptive attributes

	N	Minimum	Maximum	Mean	Std. Deviation
Mercedes's most luxury brand image	75	1.00	2.45	1.465	0.264
BMW's most luxury brand image	75	0.70	3.30	2.076	0.462
Mercedes's highest social status	75	1.00	2.30	1.465	0.216
BMW's highest social status	75	1.10	3.40	2.145	0.416
Mercedes's most prestige	74	1.00	2.40	1.465	0.236
BMW's most prestige	74	1.10	2.90	2.122	0.393
Mercedes's most sporty	75	1.10	3.45	2.085	0.565
BMW's most sporty	75	1.00	2.60	1.669	0.422
Mercedes's most classic	75	1.00	3.45	1.631	0.491
BMW's most classic	74	1.20	3.50	2.129	0.507
Mercedes's most modern	75	1.00	2.80	1.770	0.536
BMW's most modern	75	1.00	2.60	1.825	0.527
Mercedes's best design	75	1.00	3.70	1.699	0.445
BMW's best design	75	1.00	3.50	1.841	0.445
Mercedes's highest performance	75	1.00	2.80	1.891	0.490
BMW's highest performance	75	1.00	2.60	1.952	2.404
Mercedes's highest technology	75	1.00	3.70	1.834	0.518
BMW's highest technology	75	1.10	22.20	1.692	0.448
Mercedes's highest level of equipment	75	1.00	3.80	1.839	0.521
BMW's highest level of equipment	75	1.10	3.40	1.741	0.492
Mercedes's most desirable	75	1.00	3.80	1.530	0.402
BMW's most desirable	75	1.00	3.30	2.075	0.467
Mercedes's most elegance	74	1.00	2.50	1.533	0.354
BMW's most elegance	74	1.20	3.45	2.129	0.483
Mercedes's most exclusive	74	1.00	2.50	1.557	0.388
BMW's most exclusive	74	1.20	3.45	2.114	0.463
Mercedes's most reliable	75	1.00	2.50	1.582	0.391
BMW's most reliable	75	1.20	3.45	2.119	0.413
Mercedes's most expensive	75	1.00	3.40	1.523	0.341
BMW's most expensive	75	1.20	2.70	2.003	0.427

Appendix 13 : Principal Component Analysis

In Chapter 5, a factor is defined as the outcome of discovering that a number of variables had a particular characteristic in common. Moreover, Malhotra and Birks (2000) suggest that during the development of scales, multiple-item measures should be factor analysed to produce simplified measures, which reflect underlying dimensions. Hair et al. (1995) argue that if the objective of factor analysis is to uncover the smallest number of factors, which account for the largest amount of variance in the variable, then it is most appropriate to use principal component extraction.

Since subsequent statistical techniques are to involve regression analysis, an orthogonal rotation is selected in order to simplify the obtained facts and structures and in order to produce uncorrelated factors. Varimax orthogonal rotation is utilised to produce factor solutions due to the method's acceptance in social science literature in comparison to the alternatives (Hair et al., 1995).

The number of factors extracted is determined via the use of the Kaiser (1958) normalisation criterion. The Kaiser (1958) criterion dictates that only solutions with eigenvalues greater than one should be extracted. This is based on the acceptance that a factor should account for the variance of at least one variable if it is to be used appropriately in interpretation. Hair et al. (1995) also recommend that, in each factor analysis, the final factor should account for a minimum of five percent of total variance. Finally, prior to accepting the results of each factor analysis, factor solutions are examined for conceptual interpretability and intuitive sense.

Principal Component Analysis of BMW Car Owners' Attitudes towards BMW

Table 13.1 (and 13.4) represents the format of principal component analysis, which includes the amount of variance explained by the solution, variable communalities factor loadings, and the eigenvalue attributable to the extracted factors.

The principal component analysis of BMW customer attitudes towards BMW (presented in Table 13.1) indicates that three factors are extracted from the fifteen items

Table 13.1. Total Variance Explanation of Thai BMW Car Owners' Attitudes towards BMW

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.870	45.798	45.798	6.870	45.798	45.798	3.817	25.450	25.450
2	1.571	10.471	56.269	1.571	10.471	56.269	3.246	21.642	47.092
3	1.160	7.733	64.002	1.160	7.733	64.002	2.536	16.910	64.002
4	0.978	6.518	70.520						
5	0.912	6.079	76.599						
6	0.738	4.922	81.521						
7	0.609	4.061	85.581						
8	0.479	3.195	88.777						
9	0.439	2.929	91.706						
10	0.394	2.629	94.335						
11	0.285	1.897	96.232						
12	0.204	1.362	97.594						
13	0.176	1.174	98.769						
14	0.111	0.742	99.511						
15	7.34E-02	0.489	100.000						

Extraction Method: Principal Component Analysis

Using Eigenvalues > 1 gives 3 components highlighted above and details of which are in Table 13.1.

Table 13.2. Rotated Component Matrix of Thai BMW Car Owners' Attitudes towards BMW

	Component		
	1	2	3
Luxury brand image	0.145	0.810	0.303
Social status	0.123	0.883	0.304
Prestige	0.323	0.669	0.327
Sporty	0.762	7.730E-02	0.201
Classic	0.254	0.663	-6.194E-02
Modern	0.612	0.456	0.209
Design	0.501	0.214	0.247
Performance	0.882	0.183	0.224
Technology	0.700	0.377	0.245
Level of Equipment	0.756	0.132	-9.036E-02
Desirability	0.134	0.240	0.798
Elegance	0.295	0.186	0.805
Exclusive	0.338	0.386	0.254
Reliable	0.104	0.142	0.697
Expensive	0.581	0.457	0.380

Extraction Method: Principal Component Analysis
Rotation Method: Varimax with Kaiser Normalization
a. Rotation converged in 6 iterations.

(presented in Table 13.2). The identification and labelling of these three factors will now be discussed.

Table 13.3. Dominant Purchasing Factors of New BMW Cars in Thailand in order of contribution

Component 1 – Performance (25%)

Functional Factor	Rotated Component Values
Performance	0.882
Sporty	0.762
Level of Equipment	0.756

Component 2 – Status (22%)

Image Factor	Rotated Component Values
Social Status	0.883
Luxury Brand Image	0.810

Component 3 – Appearance (17%)

Emotional Factor	Rotated Component Values
Elegance	0.805
Desirability	0.798

Performance Factor

The factor analysis of items referring to BMW factors results three factors explaining around 64% ($45.798 + 10.471 + 7.733$) of the total variance (see Table 13.1). The three factors meet the Kaiser (1958) normalisation criterion in generating eigenvalues of over one and thus satisfy the recommendation of Hair et al. (1995). The first factor extracted loads heavily onto a vector, generating an eigenvalue of almost seven (6.870). The three variables included in the performance orientation factor includes 'performance', 'sporty', and 'level of equipment', which have rotated component values of 0.882, 0.762, and 0.756 (presented in Table 13.3). Since the factor captured items, which refer to the acquisition of the technical-related car attributes, the solution is accepted and the factor identified with the label 'Performance Factor'.

Status Factor

The second factor extracted loaded onto a vector, generating an eigenvalue of 1.571 and explaining 10.50% of variance (see Table 13.1). This factor is constituted of two items: 'social status' and 'luxury brand image', which have rotated component values of 0.883 and 0.810 (presented in Table 13.3). On the basis that the factor comprises symbolic attributes, the solution is accepted and the factor designated with the label 'Status Factor'.

Appearance Factor

The third factor extracted loads onto a vector generating an eigenvalue of 1.160. The two items which loaded onto the third factor focused on items pertaining to emotional desire driven by the appearance. The items related are 'elegance' and 'desirable', which have rotated component values of 0.805 and 0.798 (presented in Table 13.3). Thus, the solution was deemed acceptable and the factor branded with the label 'Appearance Factor'.

Principal Component Analysis of Mercedes Car Owners' Attitudes towards Mercedes

The results of principal component analysis of Mercedes customer attitudes towards their own marque can be found in Table 13.4, 13.5, and 13.6. The findings presented in Table 13.4 indicate that a two-factor solution is extracted from the measures, which explain over seventy percent of the total variance. It should be noted that the second factor is consistent with the suggestion of Hair et al. (1995) that the final factor should account for at least five percent of the total variance and that each factor satisfies the Kaiser (1958) criterion of an eigen value of above one. The identification and labelling of these two extracted factors will now be discussed.

Everythingness Factor

The first factor loads very heavily onto a vector generating an eigenvalue of over nine (see Table 13.4). This factor is composed of eleven variables, which are 'reliable',

Table 13.4. Total Variance Explanation of Thai Mercedes Car Owners' Attitudes towards Mercedes-Benz

Component	Initial Eigenvalues			Extraction Sums of of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.765	58.430	58.430	8.765	58.430	58.430	5.869	39.128	39.128
2	1.935	12.899	71.329	1.935	12.899	71.329	4.830	32.201	71.329
3	0.890	5.931	77.260						
4	0.664	4.429	81.688						
5	0.578	3.854	85.542						
6	0.525	3.500	89.042						
7	0.348	2.323	91.365						
8	0.309	2.057	93.422						
9	0.267	1.782	95.204						
10	0.186	1.242	96.446						
11	0.177	1.179	97.625						
12	0.139	0.928	98.553						
13	9.729E-02	0.649	99.202						
14	7.999E-02	0.533	99.735						
15	3.977E-02	0.265	100.000						

Extraction Method: Principal Component Analysis

Using Eigenvalues > 1 gives 2 components highlighted above of which details are in Table 13.4

**Table 13.5. Rotated Component Matrix of Thai Mercedes
Car Owners' Attitudes towards Mercedes**

	Component	
	1	2
Luxury brand Image	0.778	-0.440
Social status	0.665	-0.385
Prestige	0.806	-0.422
Sporty	0.671	0.268
Classic	0.801	-0.235
Modern	0.811	0.326
Design	0.686	0.439
Performance	0.611	0.594
Technology	0.757	0.471
Level of Equipment	0.735	0.432
Desirability	0.817	6.900E-02
Elegance	0.825	-0.233
Exclusive	0.809	-0.131
Reliable	0.864	-0.159
Expensive	0.780	-0.356

Extraction Method: Principal Component Analysis
a. 2 components extracted.

'elegance', 'desirable', 'modern', 'exclusive', 'prestige', 'classic', 'expensive', 'luxury brand image', 'technology', and 'level of equipment' and their rotated component values are 0.864, 0.825, 0.817, 0.811, 0.809, 0.806, 0.801, 0.780, 0.778, 0.757, and 0.735 (see Table 13.6). On the basis that such items refer to a combination of technical, appearance, and symbolic factors, the solution was approved and labelled 'Everythingness Factors'.

Table 13.6. Dominant Purchasing Factors of New Mercedes Cars in Thailand in order of contribution

Component 1 – Functional-Emotional-Image (58%)

Everythingness Factor	Rotated Component Values
Reliable	0.864
Elegance	0.825
Desirability	0.817
Modern	0.811
Exclusive	0.809
Prestige	0.806
Classic	0.801
Expensive	0.780
Luxury Brand Image	0.778
Technology	0.757
Level of Equipment	0.735

Component 2 – Performance (13%)

Functional Factor	Rotated Component Values
Performance	0.594
Technology	0.471
Design	0.439

Performance Factor

The second factor loads heavily onto a vector, which generate an eigenvalue of 1.935 (see Table 13.4). The three items, which constitute this factor are 'performance', 'technology', and 'design' with rotated component values of 0.594, 0.471, and 0.439 (see Table 13.6). This factor explains over 13 percent of the total variance (see Table 13.4). The items of factor two make reference to such technical characteristics are therefore designated 'Performance Factor'.

Appendix 14 : Discriminant Analysis of Thai Data

The findings from principal component analysis can be used in discriminant analysis to formulate a consumer decision model of luxury cars in Thailand.

In constructing the consumer decision model of luxury cars in Thailand, two-group discriminant analysis has been employed. The following are the important statistics associated with the discriminant analysis utilised in this study:

- *Group means and group standard deviations.* Group means and group standard deviations are computed for each predictor for each group;
- *Pooled within-group correlation matrix.* Group means and group standard deviations are computed for each predictor for each group;
- *Standardised discriminant function coefficients.* The standardised discriminant function coefficients are the discriminant function coefficients and are used as the multipliers when the variables have been standardised to a mean of 0 and a variance of 1;
- *Classification matrix.* Sometimes also called confusion or prediction matrix (Malhotra and Birks, 2000), the classification matrix contains the number of correctly classified and misclassified cases. The correctly classified cases appear on the diagonal, because the predicted and actual groups are the same. The off-diagonal elements represent cases that have been incorrectly classified. The sum of the diagonal elements divided by the total number of cases represents the hit ratio.

The assumptions in discriminant analysis are that each of the groups is a sample from a multivariate normal population and that all the populations have the same covariance matrix. The steps involved in conducting discriminant analysis consist of formulation, estimation, determination of significance, interpretation, and validation (Hair et al., 1995). The role of these steps and the statistics aforementioned in formulating a consumer decision model in Thailand are discussed next.

Formulation

The first step in discriminant analysis is to formulate the problem by identifying the objectives, the criterion variable, and the independent variables. In this study, the objectives of conducting discriminant analysis in this study are to determine the

correlates of luxury cars' technical and non-technical attributes/characteristics and hence to formulate a consumer purchasing decision model of new luxury cars in Thailand. The criterion variables consist of technical and non-technical luxury car attributes which are the technical and non-technical attributes that BMW and Mercedes had in common in their rotated components in factor analyses (see Appendix 13, Table 13.3 and 13.6). These include 'performance', 'luxury brand image', 'level of equipment', 'desirable', and 'elegance'. Performance and level of equipment were 2 of the 2 items that constituted the Performance Factor; luxury brand image was 1 of the 2 items that constituted Status Factor; and desirable and elegance were the 2 items that constituted Appearance Factor that determined choices of BMW customers. Whilst elegance, desirable, luxury brand image, and level of equipment were 4 of the 11 items that constituted Technical-Appearence-Symbolic Factor that determined choices of Mercedes car owners. The remaining items from the rest of the rotated components that were not shared between BMW and Mercedes customers had also been tested and were not approved because their significance level was very much below significance level of 0.

In this study, the distribution of the number of cases in the analysis and validation samples follows the distribution in the total sample. That is, the total sample contained 50% BMW and 50% Mercedes-Benz, and thus the analysis and validation samples contained 50% BMW and 50% Mercedes-Benz.

Estimation

The results of running two-group discriminant analysis on the data are presented in Table 14.1.

Table 14.1. Group Statistics of BMW and Mercedes Car Attributes in Thailand

Customer group	Mean	Std.Deviation	Valid N (listwise)	
			Unweighted	Weighted
Thai owner of BMW				
Own Highest Performance	1.45	0.23	75	75.000
Own Most Luxury Brand Image	1.92	0.39	75	75.000
Own Highest Level of Equipment	1.54	0.36	75	75.000
Own Most Desirable	1.83	0.43	75	75.000
Own Most Elegance	1.89	0.44	75	75.000
Thai owner of Mercedes				
Own Highest Performance	1.8851	0.4911	74	74.000
Own Most Luxury Brand Image	1.4649	0.2660	74	74.000
Own Highest Level of Equipment	1.8419	0.5236	74	74.000
Own Most Desirable	1.5261	0.4034	74	74.000
Own Most Elegance	1.5331	0.3544	74	74.000

Some intuitive feel for the results may be obtained by examining the group means and standard deviations. It appears that the two groups (attitudes of BMW customers and attitudes of Mercedes customers) are more widely separated in terms of performance ($0.4911 - 0.2306 = 0.2605$) than other variables, and there appears to be more of a separation on the importance attached to luxury brand image ($0.3876 - 0.2660 = 0.1216$) than on attitude toward elegance ($0.4405 - 0.3544 = .0861$) and desirable ($0.4346 - 0.4034 = .0312$). The difference between the two groups on level of equipment is smaller than the difference between the two groups on performance, and the total standard deviation of level of equipment is large (0.4708). The pooled within-groups correlation matrix indicates low correlations between the predictors (presented in Table 14.2). Multicollinearity is then not a problem.

Table 14.2. Pooled Within-Groups Matrices of BMW and Mercedes Car Attributes in Thailand

	Own Highest Performance	Own Most Luxury Brand Image	Own Highest Level of Equipment	Own Most Desirable	Own Most Elegance
Correlation					
Own Highest Performance	1.00	0.28	0.69	0.41	0.38
Own Most Luxury Brand Image	0.28	1.00	0.34	0.51	0.50
Own Highest Level of Equipment	0.70	0.34	1.00	0.42	0.31
Own Most Desirable	0.41	0.51	0.42	1.00	0.63
Own Most Elegance	0.38	0.50	0.31	0.63	1.00

Determination of Significance

It would not be meaningful to interpret the analysis if the discriminant functions estimated were not statistically significant (Hair et al., 1995; Malhotra and Birks, 2000). The null hypothesis that, in the population, the means of all discriminant functions in all groups are not different can be statistically tested. The significance level is estimated based on a chi-square transformation of the statistic. The chi-square is 118.773 with 5 degrees of freedom. This is significant beyond the 0.05 level (see Table 14.3).

Table 14.3. Chi-Square of Discriminant Function

Test of Function (s)	Chi-square	Sig.
1	118.773	0.000

Interpretation

The interpretation of the discriminant weights, or coefficients, is similar to that in multiple regression analysis (Hair et al., 1995; Klecka, 1980; Malhotra and Birks, 2000).

Table 14.4. Standardised Discriminant Function Coefficients

	Function
	1
Own Most Desirable	0.207
Own Most Elegance	0.294
Own Most Luxury Brand Image	0.619
Own Highest Level of Equipment	-0.15
Own Highest Performance	-0.775

Table 14.4 presents the standardised canonical discriminant function coefficients of customer attitudes towards new luxury car attributes: in order of importance, luxury brand image (0.619) → elegance (0.294) → desirable (0.207) → level of equipment (-0.150) → performance (-0.775). In other words, these are the attributes which new retail luxury cars should have because they are the attitudes that the car customers may have in Thailand. The value of the coefficient for a particular predictor depends upon the other predictors included in the discriminant function. The signs of the coefficients are arbitrary, but they indicate which customer attitude variable values in large and small function values and associate them with all new luxury car customers in general.

Given the multicollinearity in the predictor variables, there is no unambiguous measure of the relative importance of the predictors in discriminating between groups (Morrison, 1969). With this caveat in mind, it is possible to obtain invaluable idea of the relative importance of the variables by examining the absolute magnitude of the standardised discriminant function coefficients. In this consumer decision model; luxury brand image, elegance, and desirable are the predictors with large standardised coefficients which contribute more to the discriminating power of the function, as compared with predictors with smaller coefficients: performance and level of equipment.

These simple correlations between each predictor and the discriminant function represent the variance that the predictor shares with the function. The structure is constituted as: + luxury brand image – performance + elegance + desirable – level of equipment.

An examination of the standardised discriminant function coefficients for consumer purchasing decision is instructive. Given the low inter-correlations between the predictors, it is possible to use the magnitudes of the standardised coefficients to suggest that luxury brand image is the most important predictor in discriminating between technical and non-technical attributes of new retail luxury cars in Thailand, followed by elegance and desirable and least importance attached to level of equipment and performance. The same observation is obtained from examination of the structure correlations. These simple correlations between the predictors and the discriminant function are listed in order of magnitude.

Validation

It is useful to compare the percentage of cases correctly classified by discriminant analysis to the percentage that would be obtained by chance. Given that BMW and Mercedes samples are relatively equal in size (75 and 74), the percentage of chance classification is 1 divided by the number of groups (BMW + Mercedes-Benz = 2).

Since this discriminant analysis in this study is a two-group analysis, a case is assigned to the group whose centroid is the closest. The “hit ratio”, or the percentage of cases correctly classified (Klecka, 1980; Sinclair and Stalling, 1990), can then be determined by summing the diagonal elements and dividing by the total number of cases.

Table 14.5 shows the classification results based on the analysis sample. The hit ratio, or the percentage of cases correctly classified, is $(67+70)/150 = 0.9133333$, or 91.9%. This means that there are four owners of Mercedes-Benz who should have purchased Mercedes-Benz, and eight BMW owners should have purchased Mercedes-Benz. In other words, the misclassification is $12/149 = 8\%$.

Table 14.5. Classification of BMW and Mercedes Car Owners

		Predicted Group Membership		Total
		Thai owner of BMW	Thai owner of Mercedes	
Original	Count	Thai owner of BMW	8	75
		Thai owner of	70	74*
Mercedes	%	Thai owner of BMW	10.7	100.0
		Thai owner of	94.6	100.0
Mercedes				

91.9% of original grouped cases correctly classified.

* Information for one BMW respondent is not available

As a result, a new luxury car buyer decision model in Thailand involves linear combinations of the following equation:

$$\Sigma = 0.619 X_1 - 0.775 X_2 + 0.294 X_3 + 0.207 X_4 - 0.150 X_5$$

Where

$$\begin{aligned} X_1 &= \text{luxury brand image} & X_4 &= \text{desirable} \\ X_2 &= \text{performance} & X_5 &= \text{level of equipment} \\ X_3 &= \text{elegance} \end{aligned}$$

In choosing a particular marque, X_1 , X_3 , and X_4 are seen to be attributes which allow the consumer to positively discriminate while X_2 and X_5 , though important, negatively discriminate between two marques. The point of discrimination between the marques is -0.8317.

The point of discrimination between the marque, -0.8317, is derived from substituting the sum of group statistics of Mercedes car attributes subtract BMW car attributes (from Table 14.1) to the discriminant function:

	(differences between means)
luxury brand image =	1.4649 - 1.92 = -0.4551
performance =	1.8851 - 1.45 = 0.4351
elegance =	1.5331 - 1.89 = -0.3569
desirable =	1.5261 - 1.83 = -0.3039
level of equipment =	1.8419 - 1.54 = 0.3019

substitute → $\Sigma = 0.619(-0.4551) - 0.775(0.4351) + 0.294(-0.3569) + 0.207(-0.3039) - 0.150(0.3019)$

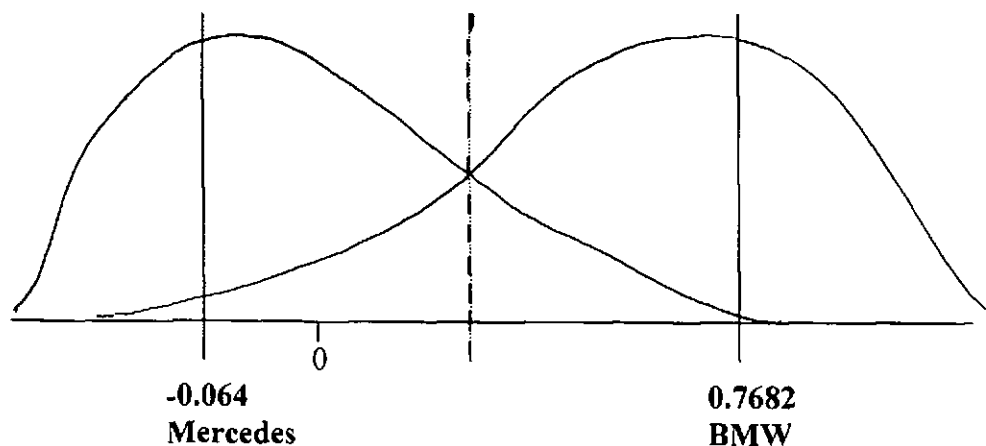
$$\Sigma = -0.2817 - 0.3372 - 0.1049 - 0.0629 - 0.045 = -0.8317$$

Therefore, if a new customer wishes to buy a BMW car, the discriminant score for this individual should be 0.7682 or higher:

$$\begin{aligned}\Sigma &= 0.619(1.92) - 0.775(1.45) + 0.294(1.89) + 0.207(1.83) - 0.150(1.54) \\ &= 1.18848 - 1.12375 + 0.55566 + 0.37881 - 0.231 \\ &= 0.7682\end{aligned}$$

Whereas, if a new customer wishes to buy a Mercedes car, the discriminant score for this individual should be -0.064 or lower:

$$\begin{aligned}\Sigma &= 0.619(1.4649) - 0.775(1.8851) + 0.294(1.5331) + 0.207(1.5261) - 0.150(1.8419) \\ &= 0.9067731 - 1.4609525 + 0.4507314 + 0.3159027 - 0.276285 \\ &= -0.064\end{aligned}$$



Appendix 15: Z Test

An example of Test of Differences in Proportions for Main Determinants of Owners' Selection for Current or Next BMW/Mercedes in the UK in Table 8.5

Procedure for Z Test for 'Design' attribute from Figure 8.6 as shown in Table 8.5 (Chapter 8)

- Null Hypothesis: There is no difference in the proportions of respondents' (design as a main determinant in the) selection of their car.
- Alternative Hypothesis: There is a difference in the proportions of respondents' (design as a main determinant in the) selection of their car.
(Two tail test)
- Level of significance: 0.05 (95% confidence)
- Test statistics:
$$Z = \frac{p_1 - p_2}{\sqrt{p(1-p)\left(\frac{1}{n_1} + \frac{1}{n_2}\right)}} \quad \text{where } p = \frac{n_1 p_1 + n_2 p_2}{n_1 + n_2}$$
- Critical value from Z tables*, $Z = 1.96$.
- Decision rule: If calculated Z is greater than 1.96, then reject Null hypothesis, otherwise accept Null hypothesis.

We have $n_1 = n_2 = 50$, $p_1 = 0.7$, $p_2 = 0.5$, then
$$p = \frac{50(0.7) + 50(0.5)}{50 + 50} = 0.6$$

$$Z = \frac{0.7 - 0.5}{\sqrt{0.6(1-0.6)\left(\frac{1}{50} + \frac{1}{50}\right)}} = \frac{0.2}{\sqrt{0.24\left(\frac{2}{50}\right)}} = \frac{0.2}{\sqrt{0.0096}} = \frac{0.2}{0.098} = 2.04$$

Since calculated $Z = 2.04$ and is greater than the critical value 1.96, the null hypothesis that there is no difference in the proportions of respondents selection (design as a main determinant) is rejected. Therefore, there is a significant difference in proportions of respondents selection (design as a main determinant of owning their next BMW car).

* Murdoch and Barnes Statistical Tables, 1999.

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